PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Oak Creek Water and Sewer Utility, Milwaukee County, Wisconsin, for Authority to Increase Water Rates — 4310-WR-104

FINAL DECISION

This is the Final Decision in the Class 1 proceeding conducted by the Public Service Commission (Commission) on the application of Oak Creek Water and Sewer Utility (Oak Creek) for approval to increase water rates. This application is APPROVED subject to conditions.

Introduction

On May 10, 2011, Oak Creek filed an application with the Commission requesting authority to increase water rates. Oak Creek requested an increase of $1,522,304 (19 percent) in water revenues based on an estimated overall 4.10 percent rate of return (ROR) on net investment rate base (NIRB) with a differential wholesale customer ROR approximately 150 basis points higher than the retail customer ROR.

On June 1, 2011, Oak Creek accepted three changes to the revenue requirement proposed by Commission staff and requested that the composite ROR be revised from 4.10 percent to 4.30 percent.

On June 16, 2011, the City of Franklin Municipal Water Utility (Franklin), a wholesale customer of Oak Creek, requested party status in this proceeding. Party status was granted by order on June 28, 2011.

On July 28, 2011, Commission staff completed its initial audit in this proceeding which resulted in a $1,572,487 (19 percent) increase in water revenues based on an overall 4.30 percent ROR on NIRB with a 5.22 percent ROR for wholesale customers and a 3.72 percent ROR for retail customers. Oak Creek accepted this revenue requirement.

This case was delayed for several reasons. First, Commission staff delayed action on the case to allow the parties to attempt to reach an agreement on the issues in this case, particularly those related to the cost of service. The parties were unable to reach an agreement. Second, Franklin's consultant lost several key staff, and they needed to bring in new experts to assist in the preparation of their testimony. Finally, Commission staff determined that it would be more appropriate for the parties to each file their own rate cases, rather than rely on Commission staff to present a rate case alternative, as is typical for uncontested water rate cases.

On February 1, 2012, a Notice of Prehearing Conference was issued. The prehearing conference was scheduled for February 16, 2012, at 11:00 a.m., but was later cancelled by an order signed on February 15, 2012, and issued on February 17, 2012, as Commission staff and all parties agreed to the pre-determined issues list and filing schedule.

On February 8, 2012, the Village of Caledonia Water Utility (Caledonia), a wholesale customer of Oak Creek, requested party status in this proceeding. Party status was granted in the Prehearing Conference Memorandum which was issued on February 17, 2012.

On February 10, 2012, Oak Creek requested an increase in the overall ROR on NIRB from 4.30 percent to 4.85 percent with a 6.00 percent ROR for wholesale customers, resulting in an effective ROR for retail customers of 4.20 percent and a differential of approximately 180 basis points.

Due to the length of time to process this case, Commission staff determined that it would be appropriate to update Oak Creek's application to a 2012 test year.

On February 13, 2012, Commission staff completed its conversion from a 2011 test year to a 2012 test year in this proceeding which resulted in an additional revenue increase of $249,874. The 2012 test year revenue requirement resulted in an overall $1,822,361 (23 percent) increase in water revenues based on an overall 4.85 percent ROR on NIRB with a 6.00 percent ROR for wholesale customers and a ROR of approximately 4.20 percent for retail customers. Oak Creek accepted this 2012 test year revenue requirement.

On February 17, 2012, a Prehearing Conference Memorandum was issued which set the filing schedule and identified the parties.

On March 14, 2012, a Notice of Hearing was issued. The hearing was scheduled for April 26, 2012, at 10:00 a.m.

On March 30, 2012, direct testimony and exhibits were filed.

On April 20, 2012, rebuttal testimony and exhibits were filed.

On April 24, 2012, surrebuttal testimony and exhibits were filed.

On April 26, 2012, a hearing was held in Madison and in Oak Creek for technical issues and for public comment.

On May 15, 2012, the hearing transcript was filed.

On May 17, 2012, the prefiled testimony transcript was filed.

On May 29, 2012, simultaneous party briefs were filed.

The parties, for purposes of review under Wis. Stat. §§ 227.47 and 227.53, are listed in Appendix A. Others who appeared are listed in the Commission's files.

Findings of Fact

1. Oak Creek's presently authorized rates for water utility service are estimated to produce operating revenues of $8,237,236 for the 2012 test year, resulting in an estimated net operating income of $578,445.

2. The estimated NIRB applicable to water utility operations for the 2012 test year is $49,501,146.

3. The estimated ROR on average NIRB at current rates for the 2012 test year is 1.17 percent, which is inadequate.

4. A reasonable increase in operating revenues for the 2012 test year to produce a 4.85 percent ROR on Oak Creek's NIRB for water utility operations is $1,822,361.

5. It is reasonable to mitigate rates for retail customers by setting the retail ROR on NIRB 180 basis points lower than the wholesale ROR.

6. A reasonable composite ROR on NIRB is 4.85 percent with resulting rates of return for retail customers of 4.20 percent and 6.00 percent for wholesale customers.

7. It is reasonable to use non-coincident customer demand ratios to allocate shared costs to the various customer classes.

8. A reasonable estimate of the maximum day system demand is 12,066,187 gallons, equivalent to 1.658 times the average day demand. A reasonable estimate of maximum hour demand is 735,336 gallons, equivalent to 2.425 times the average hour demand.

9. It is reasonable to use the four-year average non-coincident wholesale customer class maximum day and maximum hour demand factors.

10. There is insufficient information in the record to support a revision of non-coincident retail customer class maximum day and maximum hour demand factors in this case. These ratios may be revised in a future rate case if data are collected to support a revision.

11. It is reasonable to allocate 50 percent of the 12-inch mains to transmission.

12. It is reasonable to allocate $7,826,802 of the contributions in aid of construction for transmission main.

13. It is reasonable to allocate the oversizing of transmission mains to support maximum hour flow to maximum hour cost functions.

14. It is reasonable that costs related to the 2008-2009 treatment plant expansion be shared by all customers, both retail and wholesale.

15. It is reasonable to make no adjustment for unaccounted for water and that the associated costs be shared by all customers, both retail and wholesale.

16. It is reasonable to allocate public fire protection (PFP) costs based on the method used in the 2011 Milwaukee Water Works rate case (Docket 3720-WR-107).

17. A reasonable estimate of the demand of water for PFP, based on the population served, is 3,660 gallons per minute (gpm) for 3.6 hours for Oak Creek, 1,834 gpm for 1.8 hours for Caledonia, and 3,404 gpm for 3.4 hours for Franklin.

18. It is reasonable to not allocate PFP costs to Franklin.

19. It is reasonable to rely on the results of the final cost of service study (COSS) along with other factors, including the parties' rate designs, as guides for rate design.

20. It is reasonable to authorize rates for water service as shown in Appendix D.

21. The rate changes set forth for water service in Appendix D will permit Oak Creek to earn the necessary revenue requirement and are consistent with the cost of service and rate design.

Conclusions of Law

1. Oak Creek is a municipal public utility as defined in Wis. Stat. § 196.01(5)(a).

2. The Commission has authority under Wis. Stat. §§ 196.03(1) and (3), 196.19, 196.20, 196.22, 196.37(1), (2), and (3), 196.395, and 196.40 to authorize Oak Creek to increase water utility rates and revise tariff provisions.

Opinion

Applicant and Its Business

Oak Creek provides retail water service to 8,847 customers in the City of Oak Creek and wholesale water service to the City of Franklin and a portion of the Village of Caledonia.

Revenue Requirement

Net Investment Rate Base

The estimated NIRB for the 2012 test year is as follows:

Utility Financed Plant in Service	$70,872,192
Less: Accumulated Provision for Depreciation	$19,201,194
Net Plant in Service	$51,670,998
Plus: Materials and Supplies	62,081
Less: Regulatory Liability for Pre-2003 Accumulated Depreciation - CIAC	2,231,933
Net Investment Rate Base	$49,501,146

Comparative Income Statement

The estimated test year income statement showing the effect of the increase in revenue which will result from authorized rates is as follows:

	At Present Rates	Authorized Increase	After Rate Increase
Operating Revenues	$8,237,236	$1,822,361	$10,059,597
Operating Expenses:			
Oper. & Maint. Exp.	$4,082,748		$4,082,748
Depreciation	1,861,290		1,861,290
Taxes & Tax Equiv.	1,714,753		1,714,753
Total Oper. Expenses	$7,658,791		$7,658,791
Oper. Income (or Loss)	$578,445		$2,400,806
Rate of Return	1.17%		4.85%

The depreciation expense included in the revenue requirement for the 2012 test year was computed using the depreciation rates shown in Appendix G. These depreciation rates are effective on January 1, 2012, for computing the depreciation expense on the average investment for each plant account.

Financial

Retail and Wholesale Differential Rate of Return

Oak Creek's final requested composite ROR on NIRB was 4.85 percent, comprised of a 4.20 percent ROR for retail customers and a 6.00 percent ROR for wholesale customers, a differential of 180 basis points. Oak Creek supported its request stating that the American Water Works Association supports a differential return where inside city owners provide service to outside city non-owners, and the Commission has approved differential rates for other utilities.

Oak Creek stated that a higher ROR for wholesale customers reflects the higher risk burden the utility incurs providing water to a class of customers that could switch providers.

The Wholesale Intervenors objected to the differential ROR of 180 basis points. They believe the differential return exacerbates what they perceive to be an already excessive allocation of capital costs to wholesale customers.[1] They also believe the 180 point differential is too great to reflect additional risk posed by wholesale customers. Late in the briefing process, the Wholesale Intervenors sought to update the ROR based on declining interest rates since the time of Oak Creek's rate application.

The Commission finds it reasonable to mitigate rates for retail customers by setting the retail ROR lower than the wholesale ROR by 180 basis points. In reaching its determination as to the appropriate return on equity, the Commission must balance the needs of investors with the needs of consumers, with due consideration to economic and financial conditions along with public policy considerations. If the appropriate return on equity could be measured precisely, setting the authorized return on equity would be straightforward. Because a precise measurement is not possible, determining the appropriate return on equity is typically one of the most contested issues in a rate proceeding, as it was here.

Oak Creek's requested returns were within Commission historical guidelines for municipal utilities as described on the record by Commission staff. The guidelines' upper boundary is the Commission's Benchmark ROR on NIRB which is based on the cost of 30-year municipal bonds plus 200 basis points. The lower boundary is 1.5 times interest coverage or 1.25 times cash flow to total debt service. Using these guidelines from the time Oak Creek's rate

[1] The wholesale customers did not contest the differential in the 2008 rate proceeding, Docket 4310-WR-103, which, was 100 basis points.

application was filed, the upper boundary was 6.75 percent and the lower boundary was about 2.50 percent.[2]

According to Wis. Stat. § 66.0811(1), municipal utilities are entitled to the same rate of return on equity as is permitted for privately-owned utilities. Staff testimony explained that the upper boundary of the Commission guidelines is consistent with this statutory requirement. Further, because of the interrelationship between the municipal utility, retail ratepayer, municipality, and city electorate/taxpayer, the Commission ordinarily accommodates the municipal utility's return preference if it is within the Commission's allowable range. To the extent a utility seeks a lower ROR on NIRB for its retail customers, the low end of the Commission's allowable range assures a utility can meet its debt service obligations.

The Commission did not find any compelling reason to place any further limits on its historical guidelines for the potential differential between wholesale and retail RORs. Arguments regarding relative riskiness of wholesale customers versus retail customers were subjective and unconvincing. To the extent concerns exist about the allocation of capital costs, those concerns are addressed in the discussion of the parameters of a COSS. Any potential benefits or detriments to making an update to the benchmark ROR on NIRB after the filing of a water rate application were not developed in the record in this proceeding.

The Commission must balance the needs of investors, the needs of consumers, the principle of gradualism when making rate changes, the decline in yields for 30-year municipal bonds, Oak Creek's capitalization, the adequacy of debt service coverage, the proposed payment in lieu of taxes, Oak Creek's excess capacity, and applicable statutory requirements. Based on

[2] The prevailing ROR when Oak Creek filed its application in May, 2011, was 6.75 percent. The current benchmark is at 5.75 percent.

these competing considerations, a composite return on rate base of 4.85 percent, with resulting RORs of 4.20 percent for retail customers and 6.00 percent for wholesale customers, is reasonable.

Capital Structure

Oak Creek's capital employed in providing public utility service that is associated with the NIRB is estimated to be 58.82 percent municipal equity and 41.18 percent long-term debt. The composite cost of debt is 3.98 percent. A composite 4.85 percent ROR on NIRB will provide a 5.46 percent return on municipal earning equity and 2.96 times interest coverage.

Cost of Service Study (COSS)

Method for Allocating Costs

Oak Creek presented two alternative COSS methods that differ from the approach used in the last rate case. The applicant's preferred method – the "two-step method" – allocates costs in two steps. The first step allocates shared costs (treatment service and transmission service) between the communities of Oak Creek, Franklin, and Caledonia. Base costs are allocated according to each community's average day use and extra capacity costs are allocated according to each community's maximum day to average day ratio. The second step allocates Oak Creek's portion of shared costs and other retail-only costs (distribution service) to Oak Creek's retail customers.

Oak Creek's alternative method – the "coincident demand method" – uses the traditional COSS method but uses coincident demand factors, as opposed to non-coincident demand factors, to allocate shared costs. Oak Creek argued that this approach addresses its concerns regarding the allocation of shared costs in situations where there is a large wholesale municipal customer.

The Wholesale Intervenors used the traditional COSS method which uses non-coincident demand factors to allocate shared costs.

The Commission acknowledges that alternative cost allocation methods are available and may be appropriate in some instances. However, the Commission is not convinced that the methods proposed by Oak Creek in this case result in a more equitable allocation of costs than the Commission's generally accepted practices in water rate cases. As a result, the Commission finds that the use of the traditional base-extra capacity COSS method, which uses non-coincident customer demand factors to allocate shared costs, is reasonable and just.

System Demand Factors

System demand factors allocate utility operating expenses between the cost functions of base water consumption and extra capacity demand (maximum day and maximum hour). Because residential customers typically have higher peak demand relative to their total consumption, they bear a larger percentage of the costs allocated to the extra capacity cost functions. Because wholesale and large nonresidential customers typically have lower peak demand relative to their total consumption, they bear a larger percentage of the costs allocated to the base cost function.

Oak Creek, in both of its COSS alternatives, used system demand factors based upon a four-year average in order to even out year-to-year variations in peak usage that occur as a result of wet and dry summers. The Wholesale Intervenors proposed using a two-year average for calculating system demand factors, but also indicated they have no preference as to whether four-year or two-year system demand factors are used. The Commission finds it reasonable to

use a four-year average for system demand factors to smooth out year-to-year fluctuations in peak demand.

Wholesale Customer Class Demand Factors

Customer class demand factors represent the relationship between a customer class' average annual demand and its extra demand during its peak day and its peak hour. Customer classes with higher maximum day and maximum hour demand factors are allocated greater percentages of the maximum day and maximum hour extra capacity cost functions, respectively.

As there are no hourly, daily, or monthly metered consumption data available for Caledonia, both Oak Creek and the Wholesale Intervenors opted to use the average of Franklin's actual metered demand as a proxy for Caledonia. Oak Creek, in both of its COSS alternatives, used wholesale customer class demand factors based upon a four-year average of Franklin's actual data in order to even out variations in peak usage.

The Wholesale Intervenors proposed using a two-year average of Franklin's actual 2010 and 2011 metered demand for calculating wholesale customer demand factors. Flow control facilities installed by Franklin in 2009 have impacted maximum hour demands, and Franklin intends to manage the demands it places on Oak Creek's system in a much more efficient and effective manner than was the case in the period prior to 2010.

The Commission agrees with Oak Creek and finds it reasonable to use the four-year average of Franklin's non-coincident maximum day and maximum hour demand factors for the wholesale customer class demand factors to smooth out year-to-year fluctuations in peak demand.

Retail Customer Class Demand Factors

Oak Creek proposed using coincident customer demand factors for its retail customer classes. Oak Creek determined maximum day and maximum hour retail customer class demand factors by first subtracting measured wholesale demand on the system peak day and peak hour and then by using industry information to assign each retail customer class a relative contribution to the system's peak demands. Under Oak Creek's proposed method, the sum of all retail and wholesale demands are equal to the system's peak day, and the sum of the demands of Oak Creek's retail customer classes are equal Oak Creek's demand as a community.

The Wholesale Intervenors proposed using the non-coincident retail customer class demand factors, as authorized by the Commission for Oak Creek in the last rate case (2008). The Wholesale Intervenors contended that Oak Creek's method for calculating its retail customer class demand factors results in excessively low demand factors which shift costs to wholesale customers.

The Commission agrees with the Wholesale Intervenors and finds that it is unreasonable to establish retail customer class demand factors in the manner proposed by Oak Creek. The Commission notes that these values are derived from consumption data of differing frequencies. As a result, the Commission finds that using the retail customer class demand ratios that were established in the last rate case is reasonable. The Commission could consider adjustments to the retail customer class demand factors in a future rate case if Oak Creek provides sufficient evidence, based on actual consumption data, to support the changes.

Allocation of 12-inch Mains to Transmission

Oak Creek presented evidence that at least 50 percent of its 12-inch mains are necessary to transport water to the wholesale customers. . The Wholesale Intervenors proposed using the same classification of 12-inch mains that was used in Oak Creek's last rate case in 2008. In that case, all mains 12-inch and smaller were classified as distribution while all mains larger than 12-inch were classified as transmission.

The Commission finds that Oak Creek could not adequately supply its wholesale customers unless 50 percent of the 12-inch mains are used for transmission purposes. As a result, the Commission finds it reasonable to classify 50 percent of the 12-inch mains as transmission.

Allocation of Contributions in Aid of Constructions between Transmission and Distribution Mains

Both Oak Creek and the Wholesale Intervenors used the allocations shown in Appendix H for the $25,317,145 book cost of contributed water main. The Commission finds it reasonable to use the allocations shown in Appendix H for the $25,317,145 book cost of contributed water main.

Allocation of Transmission Main Costs to the Maximum Hour Cost Function

Oak Creek, in both of its COSS alternatives, allocated costs related to transmission mains to the base and maximum day cost functions but not to the maximum hour cost function. Oak Creek contended that the primary design consideration in the sizing of transmission mains is maximum day demand.

The Wholesale Intervenors proposed allocating transmission main costs to the maximum hour cost function in addition to the base and max day cost functions. The Wholesale Intervenors argued that this approach recognizes that transmission mains support the maximum hour demands of customers and comports with the cost allocation precepts of the current AWWA M1 Manual. Furthermore, this reflects the Commission's Final Decision in Milwaukee Water Works' 2011 rate case (Docket 3720-WR-107).

The Commission agrees with the Wholesale Intervenors and finds that transmission main serves both maximum hour and maximum day functions. As a result, the Commission finds it reasonable to assign a portion of the costs related to transmission mains to the maximum hour cost function.

Allocation of Treatment Plant Expansion Costs

Oak Creek's decision to expand its treatment plant was based on a March 2002 "Water System Study" and the preliminary November 2008 "Water System Master Plan Update." Both studies indicated that the treatment plant's existing capacity would be exceeded by 2010. Oak Creek received DNR and PSC approval of the treatment plant expansion in December 2008 and February 2009, respectively.

The Wholesale Intervenors pointed out that approximately $13.3 million net book value was expended by Oak Creek in expanding its treatment plant capacity from 20 million gallons per day (mgd) to 28 mgd, which was then re-rated to 35 mgd in 2011. However, the Wholesale Intervenors noted that the highest maximum day that has occurred on the Oak Creek system is 15.66 mgd, which occurred in 2005. Further, the Wholesale Intervenors argued that neither Franklin nor Caledonia needed or reasonably benefitted from the added treatment plant capacity.

As a result, they argue that the costs related to this expansion should not be allocated to wholesale customers.

The Commission notes that the Wholesale Intervenors did not object to the proposed plant expansion prior to the Commission's approval in 2009. In general, the Commission defers to the expertise of water utility management on decisions about water system capacity because the utility is better positioned to evaluate its future needs. Further, the Commission has long followed a "system-averaging approach" in allocating costs, which relies on the principle that all customers share proportionately in the costs operating the utility, regardless of whether a customer directly benefits from a particular system component or cost. The added treatment plant capacity provides system-wide benefits, not only in the future but in the present as well. As a result, the Commission finds it reasonable that all customers, both wholesale and retail, share in the cost of the treatment plant expansion.

Unaccounted For Water

Oak Creek, in both of its COSS alternatives, made certain adjustments for unaccounted for water which are only appropriate if the "two-step method" or "coincident demand method" is used. An adjustment for unaccounted for water is not appropriate if the "traditional" COSS method with non-coincident customer demand factors is used. The Wholesale Intervenors proposed an adjustment for unaccounted for water which results in 15.88 percent of those costs being allocated to wholesale and the remaining 84.12 percent of those costs being allocated to Oak Creek's retail customers. The Wholesale Intervenors contended that a majority of water losses on any water system occur within the retail service area, due to items such as meter slippage, line flushing, hydrant testing, and distribution system losses.

The Commission finds it unreasonable to make adjustments for unaccounted for water under the traditional COSS method using non-coincident customer demand factors.

Allocation of Public Fire Protection (PFP) Costs to Franklin

Oak Creek, in its "coincident demand method" COSS, allocated PFP costs to both Franklin and Caledonia. Oak Creek stated that the system has sufficient capacity to provide fire protection to Franklin. Oak Creek has three booster stations which combined can produce over 19 mgd of water for an indefinite period of time. Oak Creek argued that these extra capabilities, along with the transmission main network, would be available to Franklin during a large fire event, and, therefore, Franklin should be allocated PFP costs.

The Wholesale Intervenors proposed that no PFP costs be allocated to Franklin. Due to contractual and operational relationships, Franklin stated that it receives no PFP benefit from the Oak Creek system. The Wholesale Intervenors noted that the wholesale contract does not require that Oak Creek to meet Franklin's fire flow requirements during periods of maximum day demand. Further, the flow control devices that Franklin installed cannot exceed the maximum day flow limit in the wholesale contract. As a result, Franklin has constructed its own storage facilities to ensure that it can meet its fire flow needs under maximum day conditions. .

The Commission finds it reasonable to allocate no PFP costs to Franklin. However, the total PFP allocation for the system does not change. Oak Creek's retail customers will be allocated the remainder of the total PFP costs not allocated to Caledonia.

Final COSS

The final COSS resulting from the Commission's decisions on the issues in this rate case is shown in Appendix B. The base-extra capacity cost allocation method was used for the

analysis. Under this method, the operating expenses are allocated first to the service cost functions of extra-capacity maximum day and maximum hour demand, base, customer, and fire protection and then to each of the customer classes served. Summaries of such analyses, based on allocations that are reasonable and just, are shown in Schedules 8 and 11. Appendix C shows customer class revenue requirements resulting from the cost analysis compared with revenues at authorized rates.

Rate Design

Overall, the rates authorized for Oak Creek in Appendix D of this Final Decision result in an estimated net operating income of approximately $2,400,806, which provides a 4.85 percent ROR on the water utility NIRB of $49,501,146. This represents an increase of 23 percent in total water revenues.

As shown in attached Appendix C, the base-extra capacity cost allocation method results in a relatively wide range of increases in the charges to the various general service customer classes to reflect the cost of providing service to such classes. The percentage rate increase to any individual customer will not necessarily equal the overall percentage increase to the associated customer class, but will depend on the specific usage level of that customer.

The authorized rates as set forth in Appendix D are based on the cost of providing water service to the various customer classes or types of service and other rate-setting goals. These rates are reasonable and just. All customers will be required to pay an appropriate amount for the service provided.

Some typical water bills for residential, commercial, industrial, and public authority retail customers in the City of Oak Creek were computed using Schedule Mg-1 to compare existing rates with the new rates. That comparison is set forth in Appendix F.

A typical Oak Creek residential customer's bill for general service will rise 19 percent. When the PFP charge is included, the overall water bill will rise 18 percent. Rates have risen because of a 20 percent increase in gross plant investment and a 26 percent increase in operating expenses since Oak Creek's last rate case in 2008. The typical bills calculated using the authorized rates are above average when compared with those of similar water utilities in the state.

The overall increase in annual revenues is 23 percent, comprised of a 25 percent increase in general service charges and a 9 percent increase in fire protection charges. Retail general service charges will increase by 19 percent compared to a 35 percent increase in wholesale general service charges. Retail PFP charges will increase by 15 percent compared to a 39 percent decrease in wholesale PFP charges. Caledonia's wholesale PFP charge will increase 114 percent, while Franklin's wholesale PFP charge will be eliminated.

The general service charges will increase by 25 percent, compared to a 9 percent increase in the annual PFP charge. The larger increase in general service charges results because a greater proportion of the annual operating costs is allocated to general service than was allocated at the time of the Oak Creek's last rate proceeding, based on current ratios of maximum general service demand to available system fire protection capacity. The larger increase in general service charges is reasonable in that it appropriately reflects the cost of providing service.

Oak Creek has agreed to revise its tariff provisions (operating rules and main extension rules) to be consistent with those of other Wisconsin water utilities. The proposed rules are shown in Appendix D and in Appendix E. The proposed rules are reasonable and just and in accordance with Commission policy and the Wisconsin Administrative Code.

Effective Date

The test year commenced on January 1, 2012. Pursuant to Wis. Stat. §§ 196.19 and 196.21, the changes in rates and tariff provisions that are authorized in this Final Decision take effect no sooner than one day after the date of mailing, provided that these rates and tariff provisions are filed with the Commission and placed in all offices and pay stations of the utility.

Order

1. This Final Decision takes effect one day after the mailing date.

2. The authorized rate increases and tariff provisions shall take effect no sooner than one day after the utility files these rates and tariff provisions with the Commission and places them in all of the utility's offices and pay stations.

3. The rates approved in this docket are to be made effective no later than 90 days from the mailing date of this Final Decision or as directed by the Commission or Commission staff.

4. Oak Creek Water and Sewer Utility shall inform each customer of the new rates as required by Wis. Admin. Code § PSC 185.33(1).

5. The Commission retains jurisdiction.

Dated at Madison, Wisconsin, 7/20/12

For the Commission:

John J. Schulze, Jr.
Administrator
Division of Water, Compliance, and Consumer Affairs

JJS:dlp:pc:DL\4310-WR-104

See attached Notice of Appeal Rights

PUBLIC SERVICE COMMISSION OF WISCONSIN
610 North Whitney Way
P.O. Box 7854
Madison, Wisconsin 53707-7854

NOTICE OF RIGHTS FOR REHEARING OR JUDICIAL REVIEW, THE TIMES ALLOWED FOR EACH, AND THE IDENTIFICATION OF THE PARTY TO BE NAMED AS RESPONDENT

The following notice is served on you as part of the Commission's written decision. This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

PETITION FOR REHEARING

If this decision is an order following a contested case proceeding as defined in Wis. Stat. § 227.01(3), a person aggrieved by the decision has a right to petition the Commission for rehearing within 20 days of mailing of this decision, as provided in Wis. Stat. § 227.49. The mailing date is shown on the first page. If there is no date on the first page, the date of mailing is shown immediately above the signature line. The petition for rehearing must be filed with the Public Service Commission of Wisconsin and served on the parties. An appeal of this decision may also be taken directly to circuit court through the filing of a petition for judicial review. It is not necessary to first petition for rehearing.

PETITION FOR JUDICIAL REVIEW

A person aggrieved by this decision has a right to petition for judicial review as provided in Wis. Stat. § 227.53. In a contested case, the petition must be filed in circuit court and served upon the Public Service Commission of Wisconsin within 30 days of mailing of this decision if there has been no petition for rehearing. If a timely petition for rehearing has been filed, the petition for judicial review must be filed within 30 days of mailing of the order finally disposing of the petition for rehearing, or within 30 days after the final disposition of the petition for rehearing by operation of law pursuant to Wis. Stat. § 227.49(5), whichever is sooner. If an *untimely* petition for rehearing is filed, the 30-day period to petition for judicial review commences the date the Commission mailed its original decision.[3] The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

If this decision is an order denying rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not permitted.

Revised: December 17, 2008

[3] *See State v. Currier*, 2006 WI App 12, 288 Wis. 2d 693, 709 N.W.2d 520.

APPEARANCES

In order to comply with Wis. Stat. § 227.47, the following parties who appeared before the agency are considered parties for purposes of review under Wis. Stat. § 227.53.

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PUBLIC SERVICE COMMISSION OF WISCONSIN
(Not a party, but must be served)
610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854
Please file documents using the Electronic Regulatory Filing (ERF) system which may be accessed through the PSC website: https://psc.wi.gov.

OAK CREEK WATER AND SEWER UTILITY

Authorized Final Cost of Service Study

Division of Water, Compliance and Consumer Affairs
Public Service Commission of Wisconsin

OAK CREEK WATER AND SEWER UTILITY
Docket 4310-WR-104

COMPARATIVE INCOME STATEMENT

ACCT NO.	OPERATING REVENUES	2008	2009	2010	2011	TEST YEAR 2012
460	Unmetered Sales to General Customers					
	Residential	$ 0	$ 0	$ 0	$ 0	$ 0
	Commercial	10,163	9,943	15,216	20,266	10,900
	Industrial	0	0	0	0	0
	Public Authority	0	0	0	0	0
461	Metered Sales to General Customers					
	Residential	1,871,379	1,927,094	1,856,209	1,955,162	1,932,689
	Commercial	1,761,840	1,805,371	1,741,586	1,503,344	1,313,406
	Industrial	504,039	472,612	387,729	676,527	890,162
	Public Authority	85,784	85,682	77,984	76,038	77,937
	Total general sales	$ 4,233,205	$ 4,300,702	$ 4,078,724	$ 4,231,337	$ 4,225,094
462	Private fire protection service	141,204	146,199	149,983	152,296	147,264
463	Public fire protection service	938,202	955,668	956,350	978,365	1,004,474
465	Other water sales	0	0	0	0	0
466	Sales for resale	2,351,011	2,710,371	2,511,134	2,707,244	2,610,104
467	Interdepartmental sales	0	0	0	0	0
470	Forfeited discounts	46,346	53,636	57,189	56,635	50,200
472	Rents from water property	130,244	147,341	153,367	166,726	166,000
473	Interdepartmental rents	0	0	0	0	0
474	Other water revenues	33,808	34,557	44,254	37,118	34,100
	TOTAL OPERATING REVENUES	$ 7,874,020	$ 8,348,474	$ 7,951,001	$ 8,329,721	$ 8,237,236
	OPERATING EXPENSES					
	SOURCE OF SUPPLY					
600	Operation labor	$ 5,902	$ 6,271	$ 5,996	$ 6,035	$ 6,150
601	Operation labor and expenses	28,078	33,371	32,279	31,515	33,150
602	Purchased water	0	0	0	0	0
603	Miscellaneous expenses	134,640	63,935	3,075	1,903	57,186
604	Rents	0	0	0	0	0
610	Maintenance supervision and engineering	0	0	0	0	0
611	Maintenance of structures and improvements	0	0	0	0	0
612	Maint. of collecting and impounding reservoirs	0	0	0	0	0
613	Maintenance of lake, river, and other intakes	6,243	6,243	6,657	0	6,500
614	Maintenance of wells and springs	758	0	0	0	1,150
616	Maintenance of supply mains	0	0	0	0	350
617	Maintenance of misc. water source plant	0	0	0	0	0
	PUMPING EXPENSES					
620	Operation supervision and engineering	50,328	52,687	50,790	51,121	52,150
621	Fuel for power production	0	0	0	0	0
622	Power production labor and expenses	0	0	0	0	0
623	Fuel or power purchased for production	351,506	340,089	334,491	409,039	374,650
624	Pumping labor and expenses	98,111	115,283	113,351	111,229	107,400
625	Expenses transferred--credit	0	0	0	0	0
626	Miscellaneous expenses	126,379	105,775	120,456	121,260	127,740
627	Rents	0	0	0	0	0
630	Maintenance supervision and engineering	5,902	6,271	6,063	6,035	6,200
631	Maintenance of structures and improvements	5,274	7,062	6,652	9,763	6,300
632	Maintenance of power production equipment	24,642	8,152	6,366	7,516	12,700
633	Maintenance of pumping equipment	80,798	141,098	113,617	88,285	111,950

OAK CREEK WATER AND SEWER UTILITY
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Schedule 1
Page 2 of 2

COMPARATIVE INCOME STATEMENT
(continued)

ACCT NO.	OPERATING EXPENSES	2008	2009	2010	2011	TEST YEAR 2012
	WATER TREATMENT EXPENSES					
640	Operation supervision and engineering	$ 78,653	$ 89,937	$ 96,004	$ 82,136	$ 98,600
641	Chemicals	222,120	259,225	222,359	185,784	231,250
642	Operation labor and expenses	280,669	326,233	359,823	343,683	369,500
643	Miscellaneous expenses	127,527	124,115	129,554	129,894	140,589
644	Rents	0	0	0	0	0
650	Maintenance supervision and engineering	11,803	12,504	11,992	11,956	12,300
651	Maintenance of structures and improvements	4,146	5,589	18,281	6,084	8,850
652	Maintenance of water treatment equipment	176,594	170,474	155,697	160,299	172,450
	TRANS & DISTRIBUTION EXPENSES					
660	Operation supervision and engineering	179,565	194,518	184,922	185,064	189,900
661	Storage facilities expenses	4,682	3,059	3,458	5,900	4,150
662	Transmission and distribution expenses	145,169	161,132	159,594	162,515	160,000
663	Meter expenses	31,943	16,189	17,440	30,223	23,900
664	Customer installations expenses	25,854	53,158	47,603	43,016	33,500
665	Miscellaneous expenses	15,222	16,676	15,221	14,199	24,960
666	Rents	0	0	0	0	0
670	Maintenance supervision and engineering	36,469	38,356	38,579	40,424	39,650
671	Maintenance of structures and improvements	0	0	0	0	0
672	Maintenance of distr.reservoirs and standpipes	50,182	41,759	38,252	39,392	34,700
673	Maintenance of transmission and distr. mains	145,663	82,023	84,672	61,540	108,050
675	Maintenance of services	21,911	18,036	33,236	25,820	22,000
676	Maintenance of meters	24,732	26,283	16,120	26,404	21,250
677	Maintenance of hydrants	43,232	25,947	33,441	36,274	43,100
678	Maintenance of miscellaneous plant	936	12,740	113	620	3,850
	CUSTOMER ACCOUNTS EXPENSES					
901	Supervision	0	0	0	0	0
902	Meter reading labor	8,827	6,303	5,309	6,024	5,450
903	Customer records and collection expenses	86,958	99,374	95,401	100,698	96,050
904	Uncollectible accounts	0	0	0	0	0
905	Miscellaneous customer accounts expenses	0	0	0	0	0
906	Customer service and Information Expenses	0	0	0	0	0
	SALES EXPENSES					
910	Sales Expenses	0	0	0	0	0
	ADMIN. & GENERAL EXPENSES					
920	Administrative and general salaries	102,853	115,597	113,655	112,576	114,127
921	Office supplies and expenses	60,200	47,279	53,240	46,232	53,800
922	Administrative expenses transferred -- credit	0	0	0	0	0
923	Outside services employed	189,522	134,670	122,859	107,909	129,700
924	Property insurance	12,249	12,411	4,814	13,696	4,900
925	Injuries and damages	62,070	53,956	54,305	46,663	59,450
926	Employee pensions and benefits	584,355	588,534	877,741	932,422	884,121
928	Regulatory commission expenses	0	0	0	38,408	25,000
929	Duplicate charges -- credit	0	0	0	0	0
930	Miscellaneous general expenses	276,267	38,413	46,450	42,267	64,025
931	Rents	0	0	0	0	0
932	Maintenance of general plant	0	0	0	0	0
	TOTAL OPER. & MAINT. EXPENSES	$ 3,928,934	$ 3,660,727	$ 3,839,928	$ 3,881,823	$ 4,082,748
403	**DEPRECIATION EXPENSE**	1,250,924	1,203,690	1,442,903	1,669,127	1,861,290
404-407	**AMORTIZATION EXPENSE**	0	0	0	0	0
408	**TAXES AND TAX EQUIVALENT**	1,231,603	1,330,684	1,570,586	1,628,424	1,714,753
	TOTAL OPERATING EXPENSES	$ 6,411,461	$ 6,195,101	$ 6,853,417	$ 7,179,374	$ 7,658,791
	NET OPERATING INCOME	**$ 1,462,559**	**$ 2,153,373**	**$ 1,097,584**	**$ 1,150,347**	**$ 578,445**

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Schedule 2

NET INVESTMENT RATE BASE

UTILITY FINANCED PLANT IN SERVICE	$	70,872,192
Less: ACCUMULATED PROVISION FOR DEPRECIATION		19,201,194
NET INVESTMENT	$	51,670,998
Plus: MATERIALS AND SUPPLIES		62,081
Less: REGULATORY LIABILITY		2,231,933
NET INVESTMENT RATE BASE	$	49,501,146
RATE OF RETURN ON RATE BASE		4.85%

ESTIMATED INCOME STATEMENT FOR THE 2012 TEST YEAR AND REVENUE REQUIREMENT TO YIELD A 4.85% RETURN ON NET INVESTMENT RATE BASE

		Present Rates		Increase		After Rate Increase
TOTAL OPERATING REVENUES	$	8,237,236	$	1,822,361	$	10,059,597
OPERATING EXPENSES:						
OPERATION & MAINTENANCE EXPENSES	$	4,082,748			$	4,082,748
DEPRECIATION EXPENSE		1,861,290				1,861,290
AMORTIZATION EXPENSE		0				0
TAXES AND TAX EQUIVALENT		1,714,753				1,714,753
TOTAL OPERATING EXPENSES	$	7,658,791			$	7,658,791
NET OPERATING INCOME (LOSS)	$	578,445			$	2,400,806
RATE OF RETURN ON RATE BASE		1.17%				4.85%

UTILITY FINANCED PLANT IN SERVICE AND DEPRECIATION EXPENSE
TEST YEAR 2012

ACCT NO.	ACCOUNT DESCRIPTION	Balance 12/31/2011 ($)	Major Additions ($)	Normal Additions ($)	Retirements ($)	Balance 12/31/2012 ($)	Test Year Rate Base Balance ($)	Depreciation Rate (%)	Depreciation Expense ($)
	INTANGIBLE PLANT								
301	Organization	0	0	0	0	0	0	N/A	0
302	Franchises and consents	0	0	0	0	0	0	N/A	0
303	Miscellaneous intangible plant	0	0	0	0	0	0	N/A	0
	SOURCE OF SUPPLY								
310	Land and land rights	21,060	0	0	0	21,060	21,060	N/A	0
311	Structures and improvements	0	0	0	0	0	0	3.20%	0
312	Collecting and impounding reservoirs	0	0	0	0	0	0	1.70%	0
313	Lake, river, and other intakes	5,672,464	0	0	0	5,672,464	5,672,464	1.70%	96,432
314	Wells and springs	200,459	0	0	0	200,459	200,459	2.90%	5,813
316	Supply mains	382,344	0	0	0	382,344	382,344	1.80%	6,882
317	Other water source plant	0	0	0	0	0	0	4.50%	0
	PUMPING PLANT								
320	Land and land rights	18,610	0	0	0	18,610	18,610	N/A	0
321	Structures and improvements	1,981,008	0	0	0	1,981,008	1,981,008	3.20%	63,392
323	Other power production equipment	165,506	3,446,630	0	0	3,612,136	3,612,136	4.40%	158,934
325	Electric pumping equipment	3,045,149	(5,000)	0	0	3,040,149	3,040,149	4.40%	133,767
326	Diesel pumping equipment	0	0	0	0	0	0	4.40%	0
328	Other pumping equipment	44,613	0	0	0	44,613	44,613	4.40%	1,963
	WATER TREATMENT PLANT								
330	Land and land rights	31,500	0	0	0	31,500	31,500	N/A	0
331	Structures and improvements	12,245,484	(21,446)	0	0	12,224,038	12,224,038	3.20%	391,169
332	Sand or Other Media Filtration Equip	12,879,556	(46,874)	0	0	12,832,681	12,832,681	3.30%	423,478
333	Membrane Filtration Equipment	0	0	0	0	0	0	6.00%	0
334	Other Water Treatment Equipment	0	0	0	0	0	0	6.00%	0

UTILITY FINANCED PLANT IN SERVICE AND DEPRECIATION EXPENSE
TEST YEAR 2012
(continued)

ACCT NO.	ACCOUNT DESCRIPTION	Balance 12/31/2011 ($)	Major Additions ($)	Normal Additions ($)	Retirements ($)	Balance 12/31/2012 ($)	TEST YEAR RATE BASE BALANCE ($)	DEPRECIATION RATE (%)	DEPRECIATION EXPENSE ($)
	TRANSMISSION & DISTRIBUTION PLANT								
340	Land and land rights	27,556	0	0	0	27,556	27,556	N/A	0
341	Structures and improvements	0	0	0	0	0	0	3.20%	0
342	Distribution reservoirs and standpipes	2,710,774	0	0	0	2,710,774	2,710,774	1.90%	51,505
343	Transmission and distribution mains	18,129,862	0	120,000	0	18,249,862	18,189,862	1.30%	236,468
345	Services	1,717,328	0	0	0	1,717,328	1,717,328	2.90%	49,803
346	Meters	1,704,234	0	35,000	17,220	1,722,014	1,713,124	5.50%	47,111
348	Hydrants	1,424,856	0	5,000	0	1,429,856	1,427,356	2.20%	31,402
349	Other transmission and distr. plant	0	0	0	0	0	0	5.00%	0
	GENERAL PLANT								
389	Land and land rights	19,717	0	0	0	19,717	19,717	N/A	0
390	Structures and improvements	2,303,832	0	0	0	2,303,832	2,303,832	2.90%	66,811
391	Office furniture and equipment	137,830	0	0	0	137,830	137,830	5.80%	7,994
391	Office furniture & equip - Computers	198,620	0	0	0	198,620	198,620	26.70% *	9,124
392	Transportation equipment	434,642	0	50,000	15,000	469,642	452,142	13.30% *	31,681
393	Stores equipment	0	0	0	0	0	0	5.80%	0
394	Tools, shop and garage equipment	83,938	0	3,500	0	87,438	85,688	5.80% *	1,963
395	Laboratory equipment	7,189	0	0	0	7,189	7,189	5.80%	417
396	Power operated equipment	154,649	0	0	0	154,649	154,649	7.50% *	5,817
397	Communication equipment	239,632	0	0	0	239,632	239,632	15.00% *	17,552
397	SCADA equipment	1,329,069	0	0	0	1,329,069	1,329,069	9.20% *	16,200
398	Miscellaneous equipment	96,761	0	0	0	96,761	96,761	5.80%	5,612
	TOTAL UTILITY FINANCED PLANT IN SERVICE	**67,408,242**	**3,373,310**	**213,500**	**32,220**	**70,962,832**	**70,872,192**		**1,861,290**

*Fully depreciated

OAK CREEK WATER AND SEWER UTILITY

SYSTEM DEMAND RATIOS

MAXIMUM DAY SYSTEM DEMAND

TOTAL ANNUAL PUMPAGE	2,656,307,650	Gallons
AVERAGE DAILY PUMPAGE	7,277,555	Gallons
MAXIMUM DAY PUMPAGE	12,066,187	Gallons
FIRE FLOW:		
GAL/MIN	5,000	
DURATION (HOURS)	5	
TOTAL FLOW	1,500,000	Gallons
AVERAGE DAY PLUS FIRE FLOW	8,777,555	Gallons

RATIO:	BASE =	$\frac{7,277,555}{12,066,187}$	60.31%	
	MAX DAY =	100-BASE	39.69%	

MAXIMUM HOUR SYSTEM DEMAND

AVERAGE HOUR ON MAX DAY	502,758	Gallons		
MAXIMUM HOUR PUMPAGE	735,336	Gallons		
AVERAGE HOUR PLUS ONE HOUR FIRE FLOW	603,231	Gallons		

RATIO:	BASE =	$\frac{7,277,555}{17,648,071}$	41.24%	Use 41.24%
	MAX HOUR =	100-BASE	58.76%	Use 58.76%

ALLOCATION OF UTILITY FINANCED PLANT
TO SERVICE COST FUNCTIONS

ACCT NO.	ACCOUNT DESCRIPTION	TOTAL ($)	BASE COSTS		EXTRA-CAPACITY					CUSTOMER COSTS			
					MAX DAY		MAX HOUR						
			System ($)	Distribution ($)	System ($)	Distribution ($)	System ($)	Distribution ($)	Storage ($)	Billing ($)	Equivalent Meter ($)	Equivalent Service ($)	Fire Protection ($)
	INTANGIBLE PLANT												
301	Organization	0	0	0	0	0	0	0	0	0	0	0	0
302	Franchises and consents	0	0	0	0	0	0	0	0	0	0	0	0
303	Miscellaneous intangible plant	0	0	0	0	0	0	0	0	0	0	0	0
	SOURCE OF SUPPLY												
310	Land and land rights	21,060	12,702		8,358								
311	Structures and improvements	0	0		0								
312	Collecting and impounding reservoirs	0	0		0								
313	Lake, river, and other intakes	5,672,464	3,421,269		2,251,195								
314	Wells and springs	200,459	120,904		79,555								
316	Supply mains	382,344	230,606		151,738								
317	Other water source plant	0	0		0								
	PUMPING PLANT												
320	Land and land rights	18,610	11,224		7,386								
321	Structures and improvements	1,981,008	1,194,818		786,190								
323	Other power production equipment	3,612,136	2,178,610		1,433,526								
325	Electric pumping equipment	3,040,149	1,833,624		1,206,525								
326	Diesel pumping equipment	0	0		0								
328	Other pumping equipment	44,613	26,908		17,705								
	WATER TREATMENT PLANT												
330	Land and land rights	31,500	18,999		12,501								
331	Structures and improvements	12,224,038	7,372,761		4,851,277								
332	Sand or Other Media Filtration Equip	12,832,681	7,739,856		5,092,825								
333	Membrane Filtration Equipment	0	0		0								
334	Other Water Treatment Equipment	0	0		0								

ALLOCATION OF UTILITY FINANCED PLANT
TO SERVICE COST FUNCTIONS
(continued)

ACCT NO.	ACCOUNT DESCRIPTION	TOTAL ($)	BASE COSTS		EXTRA-CAPACITY					CUSTOMER COSTS			
					MAX DAY		MAX HOUR						
			System ($)	Distribution ($)	System ($)	Distribution ($)	System ($)	Distribution ($)	Storage ($)	Billing ($)	Equivalent Meter ($)	Equivalent Service ($)	Fire Protection ($)
	TRANSMISSION & DISTRIBUTION PLANT												
340	Land and land rights	27,556	9,780	1,151	3,559	0	4,525	1,640	1,704	0	1,833	1,837	1,527
341	Structures and improvements	0	0	0	0	0	0	0	0	0	0	0	0
342	Distribution reservoirs and standpipes	2,710,774	1,117,845						1,592,929				
343	Transmission mains	15,580,546	8,024,064		3,326,726		4,229,756						
343	Distribution mains	2,609,316		1,076,007				1,533,310					
345	Services	1,717,328										1,717,328	
346	Meters	1,713,124									1,713,124		
348	Hydrants	1,427,356											1,427,356
349	Other transmission and distr. plant	0	0	0	0	0	0	0	0	0	0	0	0
	GENERAL PLANT												
389	Land and land rights	19,717	9,975	323	5,758	0	1,268	460	477	0	514	515	428
390	Structures and improvements	2,303,832	1,165,577	37,687	672,779	0	148,147	53,704	55,792	0	60,002	60,149	49,993
391	Office furniture and equipment	137,830	69,732	2,255	40,250	0	8,863	3,213	3,338	0	3,590	3,599	2,991
391	Office furniture & equip - Computers	198,620	100,488	3,249	58,002	0	12,772	4,630	4,810	0	5,173	5,186	4,310
392	Transportation equipment	452,142	228,752	7,396	132,037	0	29,075	10,540	10,950	0	11,776	11,805	9,811
393	Stores equipment	0	0	0	0	0	0	0	0	0	0	0	0
394	Tools, shop and garage equipment	85,688	43,352	1,402	25,023	0	5,510	1,997	2,075	0	2,232	2,237	1,859
395	Laboratory equipment	7,189	3,637	118	2,099	0	462	168	174	0	187	188	156
396	Power operated equipment	154,649	78,241	2,530	45,162	0	9,945	3,605	3,745	0	4,028	4,038	3,356
397	Communication equipment	239,632	121,237	3,920	69,979	0	15,409	5,586	5,803	0	6,241	6,256	5,200
397	SCADA equipment	1,329,069	672,415	21,742	388,123	0	85,465	30,982	32,186	0	34,615	34,700	28,841
398	Miscellaneous equipment	96,761	48,954	1,583	28,257	0	6,222	2,256	2,343	0	2,520	2,526	2,100
	TOTAL	**70,872,192**	**35,856,331**	**1,159,361**	**20,696,535**	**0**	**4,557,420**	**1,652,090**	**1,716,328**	**0**	**1,845,834**	**1,850,364**	**1,537,928**

ALLOCATION OF TOTAL PLANT
TO SERVICE COST FUNCTIONS

ACCT NO.	ACCOUNT DESCRIPTION	TOTAL ($)	BASE COSTS		EXTRA-CAPACITY					CUSTOMER COSTS			
					MAX DAY		MAX HOUR						
			System ($)	Distribution ($)	System ($)	Distribution ($)	System ($)	Distribution ($)	Storage ($)	Billing ($)	Equivalent Meter ($)	Equivalent Service ($)	Fire Protection ($)
	INTANGIBLE PLANT												
301	Organization	0	0	0	0	0	0	0	0	0	0	0	0
302	Franchises and consents	0	0	0	0	0	0	0	0	0	0	0	0
303	Miscellaneous intangible plant	0	0	0	0	0	0	0	0	0	0	0	0
	SOURCE OF SUPPLY												
310	Land and land rights	21,060	12,702		8,358								
311	Structures and improvements	0	0		0								
312	Collecting and impounding reservoirs	0	0		0								
313	Lake, river, and other intakes	5,672,464	3,421,269		2,251,195								
314	Wells and springs	200,459	120,904		79,555								
316	Supply mains	382,344	230,606		151,738								
317	Other water source plant	0	0		0								
	PUMPING PLANT												
320	Land and land rights	18,610	11,224		7,386								
321	Structures and improvements	2,638,173	1,591,178		1,046,995								
323	Other power production equipment	3,612,136	2,178,610		1,433,526								
325	Electric pumping equipment	3,334,590	2,011,212		1,323,378								
326	Diesel pumping equipment	0	0		0								
328	Other pumping equipment	44,613	26,908		17,705								
	WATER TREATMENT PLANT												
330	Land and land rights	31,500	18,999		12,501								
331	Structures and improvements	12,224,038	7,372,761		4,851,277								
332	Sand or Other Media Filtration Equip	12,832,681	7,739,856		5,092,825								
333	Membrane Filtration Equipment	0	0		0								
334	Other Water Treatment Equipment	0	0		0								

ALLOCATION OF TOTAL PLANT
TO SERVICE COST FUNCTIONS
(continued)

ACCT NO.	ACCOUNT DESCRIPTION	TOTAL ($)	BASE COSTS		EXTRA-CAPACITY					CUSTOMER COSTS			
					MAX DAY		MAX HOUR						
			System ($)	Distribution ($)	System ($)	Distribution ($)	System ($)	Distribution ($)	Storage ($)	Billing ($)	Equivalent Meter ($)	Equivalent Service ($)	Fire Protection ($)
	TRANSMISSION & DISTRIBUTION PLANT												
340	Land and land rights	27,556	6,273	3,947	2,380	0	3,026	5,624	759	0	816	2,729	2,004
341	Structures and improvements	0	0	0	0	0	0	0	0	0	0	0	0
342	Distribution reservoirs and standpipes	2,710,774	1,117,845						1,592,929				
343	Transmission mains	23,407,348	12,054,909		4,997,889		6,354,550						
343	Distribution mains	20,099,659		8,288,519				11,811,140					
345	Services	5,730,298										5,730,298	
346	Meters	1,713,124									1,713,124		
348	Hydrants	4,208,593											4,208,593
349	Other transmission and distr. plant	0	0	0	0	0	0	0	0	0	0	0	0
	GENERAL PLANT												
389	Land and land rights	19,717	7,558	1,653	4,241	0	1,267	2,356	318	0	342	1,143	839
390	Structures and improvements	2,303,832	883,130	193,150	495,581	0	148,082	275,238	37,120	0	39,921	133,535	98,074
391	Office furniture and equipment	137,830	52,834	11,555	29,649	0	8,859	16,467	2,221	0	2,388	7,989	5,867
391	Office furniture & equip - Computers	198,620	76,137	16,652	42,725	0	12,767	23,729	3,200	0	3,442	11,512	8,455
392	Transportation equipment	452,142	173,320	37,907	97,261	0	29,062	54,017	7,285	0	7,835	26,207	19,248
393	Stores equipment	0	0	0	0	0	0	0	0	0	0	0	0
394	Tools, shop and garage equipment	85,688	32,847	7,184	18,432	0	5,508	10,237	1,381	0	1,485	4,967	3,648
395	Laboratory equipment	7,189	2,756	603	1,546	0	462	859	116	0	125	417	306
396	Power operated equipment	154,649	59,282	12,966	33,267	0	9,940	18,476	2,492	0	2,680	8,964	6,583
397	Communication equipment	239,632	91,858	20,090	51,548	0	15,403	28,629	3,861	0	4,152	13,890	10,201
397	SCADA equipment	1,363,304	522,596	114,297	293,263	0	87,628	162,874	21,966	0	23,624	79,020	58,036
398	Miscellaneous equipment	96,761	37,091	8,112	20,814	0	6,219	11,560	1,559	0	1,677	5,608	4,119
	TOTAL	**103,969,384**	**39,854,666**	**8,716,635**	**22,365,036**	**0**	**6,682,774**	**12,421,206**	**1,675,207**	**0**	**1,801,610**	**6,026,278**	**4,425,974**

ALLOCATION OF DEPRECIATION EXPENSE TO SERVICE COST FUNCTIONS

ACCT NO.	ACCOUNT DESCRIPTION	TOTAL ($)	BASE COSTS		EXTRA-CAPACITY					CUSTOMER COSTS			
					MAX DAY		MAX HOUR						
			System ($)	Distribution ($)	System ($)	Distribution ($)	System ($)	Distribution ($)	Storage ($)	Billing ($)	Equivalent Meter ($)	Equivalent Service ($)	Fire Protection ($)
	INTANGIBLE PLANT												
301	Organization	0	0	0	0	0	0	0	0	0	0	0	0
302	Franchises and consents	0	0	0	0	0	0	0	0	0	0	0	0
303	Miscellaneous intangible plant	0	0	0	0	0	0	0	0	0	0	0	0
	SOURCE OF SUPPLY												
310	Land and land rights	0	0		0								
311	Structures and improvements	0	0		0								
312	Collecting and impounding reservoirs	0	0		0								
313	Lake, river, and other intakes	96,432	58,162		38,270								
314	Wells and springs	5,813	3,506		2,307								
316	Supply mains	6,882	4,151		2,731								
317	Other water source plant	0	0		0								
	PUMPING PLANT												
320	Land and land rights	0	0		0								
321	Structures and improvements	63,392	38,234		25,158								
323	Other power production equipment	158,934	95,859		63,075								
325	Electric pumping equipment	133,767	80,680		53,087								
326	Diesel pumping equipment	0	0		0								
328	Other pumping equipment	1,963	1,184		779								
	WATER TREATMENT PLANT												
330	Land and land rights	0	0		0								
331	Structures and improvements	391,169	235,928		155,241								
332	Sand or Other Media Filtration Equip	423,478	255,415		168,063								
333	Membrane Filtration Equipment	0	0		0								
334	Other Water Treatment Equipment	0	0		0								

ALLOCATION OF DEPRECIATION EXPENSE
TO SERVICE COST FUNCTIONS
(continued)

ACCT NO.	ACCOUNT DESCRIPTION	TOTAL ($)	EXTRA-CAPACITY: BASE COSTS System ($)	BASE COSTS Distribution ($)	MAX DAY System ($)	MAX DAY Distribution ($)	MAX HOUR System ($)	MAX HOUR Distribution ($)	MAX HOUR Storage ($)	CUSTOMER COSTS: Billing ($)	CUSTOMER COSTS: Equivalent Meter ($)	CUSTOMER COSTS: Equivalent Service ($)	Fire Protection ($)
	TRANSMISSION & DISTRIBUTION PLANT												
340	Land and land rights	0	0	0	0	0	0	0	0	0	0	0	0
341	Structures and improvements	0	0	0	0	0	0	0	0	0	0	0	0
342	Distribution reservoirs and standpipes	51,505	21,239						30,266				
343	Transmission mains	202,547	104,313		43,247		54,987						
343	Distribution mains	33,921		13,988				19,933					
345	Services	49,803										49,803	
346	Meters	47,111									47,111		
348	Hydrants	31,402											31,402
349	Other transmission and distr. plant	0	0	0	0	0	0	0	0	0	0	0	0
	GENERAL PLANT												
389	Land and land rights	0	0	0	0	0	0	0	0	0	0	0	0
390	Structures and improvements	66,811	35,357	550	21,716	0	2,163	784	1,191	0	1,854	1,959	1,235
391	Office furniture and equipment	7,994	4,231	66	2,598	0	259	94	142	0	222	234	148
391	Office furniture & equip - Computers	9,124	4,829	75	2,966	0	295	107	163	0	253	268	169
392	Transportation equipment	31,681	16,766	261	10,298	0	1,026	372	565	0	879	929	586
393	Stores equipment	0	0	0	0	0	0	0	0	0	0	0	0
394	Tools, shop and garage equipment	1,963	1,039	16	638	0	64	23	35	0	54	58	36
395	Laboratory equipment	417	221	3	136	0	14	5	7	0	12	12	8
396	Power operated equipment	5,817	3,078	48	1,891	0	188	68	104	0	161	171	108
397	Communication equipment	17,552	9,289	145	5,705	0	568	206	313	0	487	515	325
397	SCADA equipment	16,200	8,573	133	5,266	0	525	190	289	0	449	475	300
398	Miscellaneous equipment	5,612	2,970	46	1,824	0	182	66	100	0	156	165	104
	TOTAL	**1,861,290**	**985,023**	**15,332**	**604,997**	**0**	**60,270**	**21,848**	**33,174**	**0**	**51,638**	**54,589**	**34,419**

ALLOCATION OF OPERATION AND MAINTENANCE EXPENSES TO SERVICE COST FUNCTIONS

ACCT NO.	ACCOUNT DESCRIPTION	TOTAL ($)	BASE COSTS		EXTRA-CAPACITY					CUSTOMER COSTS			
					MAX DAY		MAX HOUR						
			System ($)	Distribution ($)	System ($)	Distribution ($)	System ($)	Distribution ($)	Storage ($)	Billing ($)	Equivalent Meter ($)	Equivalent Service ($)	Fire Protection ($)
	SOURCE OF SUPPLY												
600	Operation labor	6,150	3,709		2,441								
601	Operation labor and expenses	33,150	19,994		13,156								
602	Purchased water	0	0										0
603	Miscellaneous expenses	57,186	34,491		22,695								
604	Rents	0	0		0								
610	Maintenance supervision and engineering	0	0		0								
611	Maintenance of structures and improvements	0	0		0								
612	Maint. of collecting and impounding reservoirs	0	0		0								
613	Maintenance of lake, river, and other intakes	6,500	3,920		2,580								
614	Maintenance of wells and springs	1,150	694		456								
616	Maintenance of supply mains	350	211		139								
617	Maintenance of misc. water source plant	0	0		0								
	PUMPING EXPENSES												
620	Operation supervision and engineering	52,150	31,454		20,696								
621	Fuel for power production	0	0										
622	Power production labor and expenses	0	0										
623	Fuel or power purchased for production	374,650	374,650										
624	Pumping labor and expenses	107,400	64,777		42,623								
625	Expenses transferred--credit	0	0		0								
626	Miscellaneous expenses	127,740	77,045		50,695								
627	Rents	0	0		0								
630	Maintenance supervision and engineering	6,200	3,739		2,461								
631	Maintenance of structures and improvements	6,300	3,800		2,500								
632	Maintenance of power production equipment	12,700	7,660		5,040								
633	Maintenance of pumping equipment	111,950	67,521		44,429								
	WATER TREATMENT EXPENSES												
640	Operation supervision and engineering	98,600	59,469		39,131								
641	Chemicals	231,250	231,250										
642	Operation labor and expenses	369,500	222,859		146,641								
643	Miscellaneous expenses	140,589	84,794		55,795								
644	Rents	0	0		0								
650	Maintenance supervision and engineering	12,300	7,419		4,881								
651	Maintenance of structures and improvements	8,850	5,338		3,512								
652	Maintenance of water treatment equipment	172,450	104,011		68,439								

ALLOCATION OF OPERATION AND MAINTENANCE EXPENSES
TO SERVICE COST FUNCTIONS
(continued)

ACCT NO.	ACCOUNT DESCRIPTION	TOTAL ($)	BASE COSTS		EXTRA-CAPACITY					CUSTOMER COSTS			
					MAX DAY		MAX HOUR						
			System ($)	Distribution ($)	System ($)	Distribution ($)	System ($)	Distribution ($)	Storage ($)	Billing ($)	Equivalent Meter ($)	Equivalent Service ($)	Fire Protection ($)
	TRANSMISSION & DISTRIBUTION EXPENSES												
660	Operation supervision and engineering	189,900	27,617	29,872	8,651	0	10,999	42,567	9,620	0	19,026	23,387	18,162
661	Storage facilities expenses	4,150	1,711						2,439				
662	Transmission lines expenses	57,390	29,556		12,254		15,580						
662	Distribution lines expenses	102,610		42,313				60,296					
663	Meter expenses	23,900									23,900		
664	Customer installations expenses	33,500										33,500	
665	Miscellaneous expenses	24,960	3,630	3,926	1,137	0	1,446	5,595	1,264	0	2,501	3,074	2,387
666	Rents	0	0	0	0	0	0	0	0	0	0	0	0
670	Maintenance supervision and engineering	39,650	5,766	6,237	1,806	0	2,297	8,888	2,009	0	3,972	4,883	3,792
671	Maintenance of structures and improvements	0	0	0	0	0	0	0	0	0	0	0	0
672	Maintenance of distr.reservoirs and standpipes	34,700	14,309						20,391				
673	Maintenance of transmission mains	38,756	19,960		8,275		10,521						
673	Maintenance of distribution mains	69,294		28,575				40,719					
675	Maintenance of services	22,000										22,000	
676	Maintenance of meters	21,250									21,250		
677	Maintenance of hydrants	43,100											43,100
678	Maintenance of miscellaneous plant	3,850	560	606	175	0	223	863	195	0	386	474	368
	CUSTOMER ACCOUNTS EXPENSES												
901	Supervision	0								0			
902	Meter reading labor	5,450								5,450			
903	Customer records and collection expenses	96,050								96,050			
904	Uncollectible accounts	0								0			
905	Miscellaneous customer accounts expenses	0								0			
906	Customer service and Information Expenses	0											
	SALES EXPENSES												
910	Sales Expenses	0								0			
	ADMINISTRATIVE & GENERAL EXPENSES												
920	Administrative and general salaries	114,127	48,279	5,943	29,873	0	2,188	8,469	1,914	5,409	3,785	4,653	3,613
921	Office supplies and expenses	53,800	22,759	2,802	14,082	0	1,032	3,992	902	2,550	1,784	2,193	1,703
922	Administrative expenses transferred -- credit	0	0	0	0	0	0	0	0	0	0	0	0
923	Outside services employed	129,700	54,867	6,754	33,950	0	2,487	9,624	2,175	6,147	4,302	5,288	4,106
924	Property insurance	4,900	1,878	411	1,054	0	315	585	79	0	85	284	209
925	Injuries and damages	59,450	25,149	3,096	15,561	0	1,140	4,412	997	2,817	1,972	2,424	1,882
926	Employee pensions and benefits	884,121	374,010	46,040	231,424	0	16,952	65,607	14,827	41,900	29,324	36,046	27,992
928	Regulatory commission expenses	25,000	10,576	1,302	6,544	0	479	1,855	419	1,185	829	1,019	792
929	Duplicate charges -- credit	0	0	0	0	0	0	0	0	0	0	0	0
930	Miscellaneous general expenses	64,025	27,084	3,334	16,759	0	1,228	4,751	1,074	3,034	2,124	2,610	2,027
931	Rents	0	0	0	0	0	0	0	0	0	0	0	0
932	Maintenance of general plant	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL OPERATION & MAINTENANCE EXPENSES	**4,082,748**	**2,076,516**	**181,209**	**909,857**	**0**	**66,887**	**258,223**	**58,305**	**164,542**	**115,239**	**141,836**	**110,134**

SUMMARY OF ALLOCATION OF OPERATING COSTS TO SERVICE COST FUNCTIONS

				EXTRA-CAPACITY								
		BASE COSTS		MAX DAY		MAX HOUR			CUSTOMER COSTS			
OPERATING COST	TOTAL ($)	System ($)	Distribution ($)	System ($)	Distribution ($)	System ($)	Distribution ($)	Storage ($)	Billing ($)	Equivalent Meter ($)	Equivalent Service ($)	Fire Protection ($)
OPERATION AND MAINTENANCE	4,082,748	2,076,516	181,209	909,857	0	66,887	258,223	58,305	164,542	115,239	141,836	110,134
DEPRECIATION EXPENSE	1,861,290	985,023	15,332	604,997	0	60,270	21,848	33,174	0	51,638	54,589	34,419
AMORTIZATION EXPENSE	0	0	0	0	0	0	0	0	0	0	0	0
TAXES AND TAX EQUIVALENT	1,714,753	657,318	143,762	368,864	0	110,218	204,861	27,629	0	29,714	99,391	72,997
RETURN ON NET INVESTMENT RATE BASE	2,400,806	1,264,566	34,059	697,109	0	151,079	48,534	50,421	0	55,380	54,480	45,180
TOTAL	**10,059,597**	**4,983,422**	**374,362**	**2,580,827**	**0**	**388,454**	**533,466**	**169,529**	**164,542**	**251,970**	**350,295**	**262,731**

CUSTOMER CLASS DEMAND RATIOS

CUSTOMER CLASS	Annual Volume 1,000 Gallons	BASE COSTS: Average Day Volume Gallons	BASE COSTS: Percent (%)	BASE COSTS: System Adjusted Percent (%)	BASE COSTS: Distribution Adjusted Percent (%)	BASE COSTS: Extra Capacity Ratio	EXTRA-CAPACITY MAX DAY DEMAND: Volume Rate Gallons Per Day	EXTRA-CAPACITY MAX DAY DEMAND: Percent (%)	EXTRA-CAPACITY MAX DAY DEMAND: System Adjusted Percent (%)	EXTRA-CAPACITY MAX DAY DEMAND: Distribution Adjusted Percent (%)	EXTRA-CAPACITY MAX DAY DEMAND: Extra Capacity Ratio	EXTRA-CAPACITY MAX HOUR DEMAND: Volume Rate Gallons Per Hour	EXTRA-CAPACITY MAX HOUR DEMAND: Percent (%)	EXTRA-CAPACITY MAX HOUR DEMAND: System Adjusted Percent (%)	EXTRA-CAPACITY MAX HOUR DEMAND: Distribution Adjusted Percent (%)	EXTRA-CAPACITY MAX HOUR DEMAND: Storage Adjusted Percent (%)
Residential	463,461	1,269,756	18.21%	18.21%	34.25%	1.500	1,904,634	22.89%	22.89%	34.81%	2.750	145,493	16.65%	16.65%	23.79%	23.79%
Commercial	409,123	1,120,885	16.07%	16.07%	30.24%	1.250	1,401,106	16.84%	16.84%	25.61%	2.375	110,921	12.69%	12.69%	18.14%	18.14%
Industrial	434,188	1,189,556	17.06%	17.06%	32.09%	0.500	594,778	7.15%	7.15%	10.87%	1.000	49,565	5.67%	5.67%	8.10%	8.10%
Public Authority	20,768	56,899	0.82%	0.82%	1.53%	1.250	71,123	0.85%	0.85%	1.30%	2.375	5,631	0.64%	0.64%	0.92%	0.92%
Caledonia (Wholesale)	181,527	497,334	7.13%	7.13%	0.00%	0.872	433,675	5.21%	5.21%	0.00%	1.926	39,911	4.57%	4.57%	0.00%	0.00%
Franklin (Wholesale)	1,011,233	2,770,501	39.72%	39.72%	0.00%	0.872	2,415,877	29.03%	29.03%	0.00%	1.926	222,333	25.44%	25.44%	0.00%	0.00%
Public Fire Protection	25,458	69,747	1.00%	1.00%	1.88%		1,500,000	18.03%	18.03%	27.41%		300,000	34.33%	34.33%	49.05%	49.05%
TOTALS	**2,545,758**	**6,974,678**	**100%**	**100%**	**100%**		**8,321,194**	**100%**	**100%**	**100%**		**873,853**	**100%**	**100%**	**100%**	**100%**
									50%	50%	<-- Public Fire % Limits -->			50%	50%	80%

MAXIMUM DAY DEMAND = 13,726,126 (GAL/DAY) SUM OF GENERAL SERVICE AVERAGE AND MAXIMUM DAY EXTRA CAPACITY DEMAND

MAXIMUM HOUR DEMAND = 861,559 (GAL/HR) SUM OF GENERAL SERVICE AVERAGE AND MAXIMUM HOUR EXTRA CAPACITY DEMAND

1.14 = NON-COINCIDENT / COINCIDENT RATIO FOR MAX DAY

1.17 = NON-COINCIDENT / COINCIDENT RATIO FOR MAX HOUR

CUSTOMER CLASS ALLOCATION FACTORS

NUMBER OF METERS

Meter size (inches):	5/8	3/4	1	1-1/4	1-1/2	2	2-1/2	3	4	6	8	10	12	TOTAL METERS	PERCENT
Residential	7,795	8	7	0	1	1	0	0	0	0	0	0	0	7,812	88%
Commercial	220	30	310	0	166	199	0	17	7	1	0	0	0	950	11%
Industrial	2	0	4	0	2	5	0	5	2	1	2	0	0	23	0%
Public Authority	8	3	7	0	12	16	0	4	3	2	0	0	0	55	1%
Caledonia (Wholesale)	0	0	0	0	0	0	0	0	0	2	1	0	0	3	0%
Franklin (Wholesale)	0	0	0	0	0	0	0	0	0	0	0	4	0	4	0%
TOTALS	8,025	41	328	0	181	221	0	26	12	6	3	4	0	8,847	100%

EQUIVALENT METERS

ALLOCATION FACTOR:														TOTAL	
Meter size (inches):	5/8	3/4	1	1-1/4	1-1/2	2	2-1/2	3	4	6	8	10	12	EQUIV.	
Equiv. meters ratio:	1.0	1.0	2.5	3.7	5.0	8.0	12.5	15.0	25.0	50.0	80.0	120.0	160.0	METERS	PERCENT
Residential	7,795	8	18	0	5	8	0	0	0	0	0	0	0	7,834	59%
Commercial	220	30	775	0	830	1,592	0	255	175	50	0	0	0	3,927	30%
Industrial	2	0	10	0	10	40	0	75	50	50	160	0	0	397	3%
Public Authority	8	3	18	0	60	128	0	60	75	100	0	0	0	452	3%
Caledonia (Wholesale)	0	0	0	0	0	0	0	0	0	100	80	0	0	180	1%
Franklin (Wholesale)	0	0	0	0	0	0	0	0	0	0	0	480	0	480	4%
TOTALS	8,025	41	820	0	905	1,768	0	390	300	300	240	480	0	13,269	100%

EQUIVALENT SERVICES

ALLOCATION FACTOR:														TOTAL	
Meter size (inches):	5/8	3/4	1	1-1/4	1-1/2	2	2-1/2	3	4	6	8	10	12	EQUIV.	
Equiv. services ratio:	1.0	1.0	1.3	1.7	2.0	3.0	3.5	4.0	5.0	6.0	7.0	8.0	9.0	SERVICES	PERCENT
Residential	7,795	8	9	0	2	3	0	0	0	0	0	0	0	7,817	80%
Commercial	220	30	403	0	332	597	0	68	35	6	0	0	0	1,691	17%
Industrial	2	0	5	0	4	15	0	20	10	6	14	0	0	76	1%
Public Authority	8	3	9	0	24	48	0	16	15	12	0	0	0	135	1%
Caledonia (Wholesale)	0	0	0	0	0	0	0	0	0	12	7	0	0	19	0%
Franklin (Wholesale)	0	0	0	0	0	0	0	0	0	0	0	32	0	32	0%
TOTALS	8,025	41	426	0	362	663	0	104	60	36	21	32	0	9,770	100%

ALLOCATION OF SERVICE COST FUNCTIONS TO CUSTOMER CLASSES

	TOTAL ($)	Residential ($)	Commercial ($)	Industrial ($)	Public Authority ($)	Caledonia (Wholesale) ($)	Franklin (Wholesale) ($)	Public Fire Protection ($)
BASE COSTS:								
SYSTEM	4,983,422	868,792	766,932	813,918	38,931	372,430	2,074,697	47,722
DISTRIBUTION	374,362	128,236	113,201	120,136	5,746	0	0	7,044
EXTRA-CAPACITY COSTS:								
MAXIMUM-DAY SYSTEM	2,580,827	570,329	419,551	178,102	21,297	143,422	798,961	449,164
MAXIMUM-DAY DISTIBUTION	0	0	0	0	0	0	0	0
MAXIMUM-HOUR SYSTEM	388,454	61,813	47,125	21,058	2,392	19,573	109,037	127,456
MAXIMUM-HOUR DISTRIBUTION	533,466	126,904	96,749	43,232	4,911	0	0	261,670
MAXIMUM-HOUR STORAGE	169,529	40,328	30,746	13,739	1,561	0	0	83,155
CUSTOMER COSTS:								
BILLING	164,542	145,292	17,669	428	1,023	56	74	
EQUIVALENT METERS	251,970	148,072	74,230	7,504	8,534	3,717	9,913	
EQUIVALENT SERVICES	350,295	280,167	60,606	2,731	4,842	726	1,223	
FIRE PROTECTION	262,731							262,731
TOTAL COST	10,059,597	2,369,933	1,626,807	1,200,847	89,238	539,924	2,993,905	1,238,943
LESS OTHER REVENUE	408,464	112,202	87,920	56,853	4,225	0	0	147,264
COST OF SERVICE	9,651,133	2,257,730	1,538,888	1,143,994	85,013	539,924	2,993,905	1,091,679
REVENUE AT PRESENT RATES	7,828,772	1,932,689	1,313,406	890,162	77,937	404,582	2,205,522	1,004,474
DIFFERENCE	1,822,361	325,041	225,482	253,832	7,076	135,343	788,382	87,205
PERCENT INCREASE/DECREASE	**23.28%**	**16.82%**	**17.17%**	**28.52%**	**9.08%**	**33.45%**	**35.75%**	**8.68%**

ALLOCATION OF PUBLIC FIRE PROTECTION TO CUSTOMER CLASSES

	TOTAL ($)	Oak Creek Retail ($)	Caledonia (Wholesale) ($)	Franklin (Wholesale) ($)
ESTIMATED FIRE FLOW	28,420	13,543	3,302	11,575
BASE COSTS:				
SYSTEM	47,722	42,177	5,545	0
DISTRIBUTION	7,044	7,044	0	0
EXTRA-CAPACITY COSTS:				
MAXIMUM-DAY SYSTEM	449,164	396,978	52,187	0
MAXIMUM-DAY DISTIBUTION	0	0	0	0
MAXIMUM-HOUR SYSTEM	127,456	112,647	14,809	0
MAXIMUM-HOUR DISTRIBUTION	261,670	261,670	0	0
MAXIMUM-HOUR STORAGE	83,155	83,155	0	0
CUSTOMER COSTS:				
BILLING				
EQUIVALENT METERS				
EQUIVALENT SERVICES				
FIRE PROTECTION	262,731	262,731		
TOTAL COST	1,238,943	1,166,403	72,540	0
LESS OTHER REVENUE	147,264	147,264	0	0
COST OF SERVICE	1,091,679	1,019,139	72,540	0
REVENUE AT PRESENT RATES	1,004,474	885,509	33,866	85,099
DIFFERENCE	87,205	133,630	38,674	(85,099)
PERCENT INCREASE/DECREASE	**8.68%**	**15.09%**	**114.20%**	**-100.00%**

Comparison of Revenue
at
Present Rates, Cost of Service and Authorized Rates

Customer Class	Revenue at Present Rates	Cost of Service: Revenue Required	Cost of Service: Increase over Present Rates	Authorized Rates: Revenue	Authorized Rates: Increase over Present Rates	Authorized Rates: Percent of Cost of Service
General Service - Retail						
Residential	$1,932,689	$2,257,730	17%	$2,291,801	19%	102%
Commercial	$1,313,406	$1,538,888	17%	$1,544,434	18%	100%
Industrial	$890,162	$1,143,994	29%	$1,098,105	23%	96%
Public Authority	$77,937	$85,013	9%	$91,266	17%	107%
Retail Total	$4,214,194	$5,025,626	19%	$5,025,606	19%	100%
General Service - Wholesale						
Caledonia	$404,582	$539,924	33%	$542,657	34%	101%
Franklin	$2,205,522	$2,993,905	36%	$2,996,625	36%	100%
Wholesale Total	$2,610,104	$3,533,829	35%	$3,539,282	36%	100%
Public Fire Protection						
Oak Creek	$885,509	$1,019,139	15%	$1,019,504	15%	100%
Caledonia	$33,866	$72,540	114%	$72,540	114%	100%
Franklin	$85,099	$0	-100%	$0	-100%	
PFP Total	$1,004,474	$1,091,679	9%	$1,092,043	9%	100%
Total	7,828,772	9,651,133	23%	9,656,932	23%	100%
Total - General Service and Public Fire Protection						
Oak Creek	$5,099,703	$6,044,765	19%	$6,045,109	19%	100%
Caledonia	$438,448	$612,464	40%	$615,197	40%	100%
Franklin	$2,290,621	$2,993,905	31%	$2,996,625	31%	100%
Total	$7,828,772	$9,651,133	23%	$9,656,932	23%	100%

OAK CREEK WATER AND SEWER UTILITY

Authorized Water Rates and Rules

Public Fire Protection Service - - - F-1

Public fire protection service includes the use of hydrants for fire protection service only and such quantities of water as may be demanded for the purpose of extinguishing fires within the service area. This service shall also include water used for testing equipment and training personnel. For all other purposes, the metered or other rates set forth, or as may be filed with the Public Service Commission, shall apply.

Under Wis. Stat. § 196.03(3)(b), the municipality has chosen to have the utility bill the retail general service customers for public fire protection service.

Quarterly Public Fire Protection Service Charges:

⅝ -inch meter - $	20.22	3 -inch meter - $	303.00
¾ -inch meter - $	20.22	4 -inch meter - $	505.20
1 -inch meter - $	50.40	6 -inch meter - $	1,010.40
1¼ -inch meter - $	74.70	8 -inch meter - $	1,616.70
1½ -inch meter - $	101.10	10 -inch meter - $	2,424.90
2 -inch meter - $	161.70	12 -inch meter - $	3,233.10

Customers who are provided service under Schedules Mg-1, Ug-1, or Sg-1 shall be subject to the charges in this schedule according to the size of their primary meter. Customers who are provided service under Schedule Am-1 are exempt from these charges for any additional meters.

Billing: Same as Schedule Mg-1.

Public Fire Protection Service - - - Fd-1

Delete.

Private Fire Protection Service - Unmetered - - - Upf-1

This service shall consist of permanent or continuous unmetered connections to the main for the purpose of supplying water to private fire protection systems such as automatic sprinkler systems, standpipes, and private hydrants. This service shall also include reasonable quantities of water used for testing check valves and other backflow prevention devices.

Quarterly Private Fire Protection Service Demand Charges:

2 - inch or smaller connection - $	12.00
3 - inch connection - $	21.00
4 - inch connection - $	39.00
6 - inch connection - $	72.00
8 - inch connection - $	102.00
10 - inch connection - $	150.00
12 - inch connection - $	192.00
14 - inch connection - $	246.00
16 - inch connection - $	300.00

Billing: Same as Schedule Mg-1.

General Service - Metered - - - Mg-1

Quarterly Service Charges:

⅝ -inch meter - $	26.00	3 -inch meter - $	196.00
¾ -inch meter - $	26.00	4 -inch meter - $	317.00
1 -inch meter - $	39.00	6 -inch meter - $	622.00
1¼ -inch meter - $	51.00	8 -inch meter - $	998.00
1½ -inch meter - $	77.00	10 -inch meter - $	1,475.00
2 -inch meter - $	112.00	12 -inch meter - $	1,952.00

Plus Volume Charges:

First	6,000,000	gallons used quarterly - $3.19 per 1,000 gallons
Next	18,000,000	gallons used quarterly - $2.46 per 1,000 gallons
Over	24,000,000	gallons used quarterly - $1.97 per 1,000 gallons

Billing: Bills for water service are rendered quarterly and become due and payable upon issuance following the period for which service is rendered. A late payment charge of 1 percent per month will be added to bills not paid within 20 days of issuance. This late payment charge shall be applied to the total unpaid balance for utility service, including unpaid late payment charges. This late payment charge is applicable to all customers. The utility customer may be given a written notice that the bill is overdue no sooner than 20 days after the bill is issued. Unless payment or satisfactory arrangement for payment is made within the next 10 days, service may be disconnected pursuant to Wis. Admin. Code ch. PSC 185.

Monthly Billing: At utility discretion, large-volume customers may be billed monthly.

Combined Metering: Volumetric readings may be combined for billing if the utility for its own convenience places more than one meter on a single water service lateral. Multiple meters placed for the purpose of identifying water not discharged into the sanitary sewer are not considered for utility convenience and may not be combined for billing. This requirement does not preclude the utility from combining readings where metering configurations support such an approach. Volumetric readings from individually metered separate service laterals may not be combined for billing purposes.

Wholesale Water Service - - - W-1

Wholesale water service to the City of Franklin shall be provided at the following rates:

General Service

Service Charge:	$5,900.00 per quarter
Volume Charge:	$2.94 per 1,000 gallons

Wholesale water service to the Village of Caledonia shall be provided at the following rates:

Public Fire Protection Service

Service Charge:	$18,135.00 per quarter

General Service

Service Charge:	$2,242.00 per quarter
Volume Charge:	$2.94 per 1,000 gallons

Billing: Same as Schedule Mg-1.

Additional Meter Rental Charge - - - Am-1

Upon request, the utility shall furnish and install additional meters to:

A. Water service customers for the purpose of measuring the volume of water used that is not discharged into the sanitary sewer system; and

B. Sewerage service customers who are not customers of the water utility for the purpose of determining the volume of sewage that is discharged into the sanitary sewer system.

The utility shall charge a meter installation charge of $50.00 and a quarterly rental fee for the use of this additional meter.

Quarterly Additional Meter Rental Charges:

⅝ -inch meter - $	7.80
¾ -inch meter - $	7.80
1 -inch meter - $	11.70
1¼ -inch meter - $	15.60
1½ -inch meter - $	21.00
2 -inch meter - $	30.00
3 -inch meter - $	48.00
4 -inch meter - $	72.00
6 -inch meter - $	135.00

This schedule applies only if the additional meter is installed on the same service lateral as the primary meter and either:

A. The additional meter is ¾-inch or smaller if the metering configuration is the Addition Method; or

B. The additional meter is 2-inch or smaller for all other metering configurations.

If the additional meter is larger than 2-inch or larger than ¾-inch and installed in the Addition Method, each meter shall be treated as a separate account and Schedule Mg-1 rates shall apply.

Billing: Same as Schedule Mg-1.

Other Charges - - - OC-1

Non-Sufficient Funds Charge: The utility shall assess a $25.00 charge when a payment rendered for utility service is returned for non-sufficient funds. This charge may not be in addition to, but may be inclusive of, other non-sufficient funds charges when the payment was for multiple services.

Billing: Same as Schedule Mg-1.

Non-Sufficient Funds Charge - - - NSF-1

Delete.

Public Service - - - Mpa-1

Metered Service
Water used by the City of Oak Creek on an intermittent basis for flushing sewers, street washing, flooding skating rinks, drinking fountains, etc., shall be metered and billed according to the rates set forth in Schedule Mg-1.

Unmetered Service
Where it is impossible to meter the service, the utility shall estimate the volume of water used based on the pressure, size of opening, and the period of time the water is used. The estimated quantity shall be billed at the volumetric rates set forth in Schedule Mg-1, excluding any service charges.

Billing: Same as Schedule Mg-1.

General Water Service - Unmetered - - - Ug-1

Service may be supplied temporarily on an unmetered basis where the utility cannot immediately install a water meter, including water used for construction. Unmetered service shall be billed the amount that would be charged to a metered residential customer using 15,000 gallons of water per quarter under Schedule Mg-1, including the service charge for a ⅝-inch meter. If the utility determines that actual usage exceeds 15,000 gallons of water per quarter, an additional charge for the estimated excess usage shall be made according to the rates under Schedule Mg-1.

This schedule applies only to customers with a 1-inch or smaller service connection. For customers with a larger service connection, the utility shall install a temporary meter and charges shall be based on the rates set forth under Schedule Mg-1.

Billing: Same as Schedule Mg-1.

Seasonal, Emergency, or Temporary Service - - - Mgt-1

Delete.

Seasonal Service - - - Sg-1

Seasonal customers are general service customers who voluntarily request disconnection of water service and who resume service at the same location within 12 months of the disconnection, unless service has been provided to another customer at that location in the intervening period. The utility shall bill seasonal customers the applicable service charges under Schedule Mg-1 year-round, including the period of temporary disconnection.

Seasonal service shall include customers taking service under Schedule Mg-1, Schedule Ug-1, or Schedule Am-1.

Upon reconnection, the utility shall apply a charge under Schedule R-1 and require payment of any unpaid charges under this schedule.

Billing: Same as Schedule Mg-1, unless the utility and customer agree to an alternative payment schedule for the period of voluntary disconnection.

Building and Construction Water Service - - - Mz-1

Delete.

Bulk Water - - - BW-1

All bulk water supplied from the water system through hydrants or other connections shall be metered or estimated by the utility. Utility personnel or a party approved by the utility shall supervise the delivery of water.

Bulk water sales are:

A. Water supplied by tank trucks or from hydrants for the purpose of extinguishing fires outside the utility's service area;

B. Water supplied by tank trucks or from hydrants for purposes other than extinguishing fires, such as water used for irrigation or filling swimming pools; or,

C. Water supplied from hydrants or other temporary connections for general service type applications, except that Schedule Ug-1 applies for water supplied for construction purposes.

A service charge of $50.00 and a charge for the volume of water used shall be billed to the party using the water. The volumetric charge shall be calculated using the highest volumetric rate for residential customers under Schedule Mg-1. In addition, for meters that are assigned to bulk

water customers for more than 7 days, the applicable service charge in Schedule Mg-1 will apply after the first 7 days.

The water utility may require a reasonable deposit for the temporary use of its equipment under this and other rate schedules. The deposit(s) collected shall be refunded upon return of the utility's equipment. Damaged or lost equipment shall be repaired or replaced at the customer's expense.

Billing: Same as Schedule Mg-1.

Reconnection Charges - - - R-1

The utility shall assess a charge to reconnect a customer, which includes reinstalling a meter and turning on the valve at the curb stop, if necessary. A utility may not assess a charge for disconnecting a customer.

During normal business hours:	$50.00
After normal business hours:	$80.00

Billing: Same as Schedule Mg-1.

Water Lateral Installation Charge - - - Cz-1

The utility shall charge a customer for the actual cost of installing a water service lateral from the main through curb stop and box if these costs are not contributed as part of a subdivision development or otherwise recovered under Wis. Stats. Chapter 66.

Billing: Same as Schedule Mg-1.

Rules and Regulations - - - X-1

Delete Schedule X-1. Incorporate the operating rules for municipal water utilities as provided in Appendix E.

Water Main Extension Rule - - - X-2

Water mains will be extended for new customers on the following basis:

A. Where the cost of the extension is to immediately be collected through assessment by the municipality against the abutting property, the procedure set forth under Wis. Stat.

§ 66.0703 will apply, and no additional customer contribution to the utility will be required.

B. Where the municipality is unwilling or unable to make a special assessment, the extension will be made on a customer-financed basis as follows:

1. The applicant(s) will advance as a contribution in aid of construction the total amount equivalent to that which would have been assessed for all property under paragraph A.

2. Part of the contribution required in paragraph B.1. will be refundable. When additional customers are connected to the extended main within 10 years of the date of completion, contributions in aid of construction will be collected equal to the amount which would have been assessed under paragraph A. for the abutting property being served. This amount will be refunded to the original contributor(s). In no case will the contributions received from additional customers exceed the proportionate amount which would have been required under paragraph A., nor will it exceed the total assessable cost of the original extension.

C. When a customer connects to a transmission main or connecting loop installed at utility expense within 10 years of the date of completion, there will be a contribution required of an amount equivalent to that which would have been assessed under paragraph A.

Water Main Installations in Platted Subdivisions - - - X-3

Application for installation of water mains in regularly platted real estate development subdivisions shall be filed with the utility.

If the developer, or a contractor employed by the developer, is to install the water mains (with the approval of the utility), the developer shall be responsible for the total cost of construction.

If the utility or its contractor is to install the water mains, the developer shall be required to advance to the utility, prior to the beginning of the construction, the total estimated cost of the extension. If the final costs exceed estimated costs, an additional billing will be made for the balance of the cost due. This balance is to be paid within 30 days. If final costs are less than estimated, a refund of the overpayment will be made by the water utility.

WATER UTILITY OPERATING RULES

Compliance with Rules

All persons now receiving water service from this water utility, or who may request service in the future, shall be considered as having agreed to be bound by the rules and regulations as filed with the Public Service Commission of Wisconsin.

Establishment of Service

Application for water service may be made in writing on a form furnished by the water utility. The application will contain the legal description of the property to be served, the name of the owner, the exact use to be made of the service, and the size of the service lateral and meter desired. Note particularly any special refrigeration, fire protection, or water-consuming air-conditioning equipment.

Service will be furnished only if (1) the premises have a frontage on a properly platted street or public strip in which a cast iron or other long-life water main has been laid, or where the property owner has agreed to and complied with the provisions of the water utility's filed main extension rule, (2) the property owner has installed or agrees to install a service lateral from the curb stop to the point of use that is not less than 6 feet below the surface of an established or proposed grade and meets the water utility's specifications, and (3) the premises have adequate piping beyond the metering point.

The owner of a multi-unit dwelling has the option of being served by individual metered water service to each unit. The owner, by selecting this option, is required to provide interior plumbing and meter settings to enable individual metered service to each unit and individual disconnection without affecting service to other units. Each meter and meter connection will be treated as a separate water utility account for the purpose of the filed rules and regulations.

No division of the water service lateral to any lot or parcel of land shall be made for the extension and independent metering of the supply to an adjoining lot or parcel of land. Except for duplexes, no division of a water service lateral shall be made at the curb for separate supplies for two or more separate premises having frontage on any street or public service strip, whether owned by the same or different parties. Duplexes may be served by one lateral provided (1) individual metered service and disconnection is provided and (2) it is permitted by local ordinance.

Buildings used in the same business, located on the same parcel, and served by a single lateral may have the customer's water supply piping installed to a central point so that volume can be metered in one place.

The water utility may withhold approval of any application where full information of the purpose of such supply is not clearly indicated and set forth by the applicant property owner.

WATER UTILITY OPERATING RULES

Reconnection of Service

Where the water utility has disconnected service at the customer's request, a reconnection charge shall be made when the customer requests reconnection of service. See Schedule R-1 for the applicable rate.

A reconnection charge shall also be required from customers whose services are disconnected (shut off at curb stop box) because of nonpayment of bills when due. See Schedule R-1 for the applicable rate.

If reconnection is requested for the same location by any member of the same household, or, if a place of business, by any partner of the same business, it shall be considered as the same customer.

Temporary Metered Service, Meter, and Deposits

An applicant for temporary water service on a metered basis shall make and maintain a monetary deposit for each meter installed as security for payment for use of water and for such other charges which may arise from the use of the supply. A charge shall be made for setting the valve and furnishing and setting the meter. See Schedule BW-1 for the applicable rate.

Water for Construction

When water is requested for construction purposes or for filling tanks or other such uses, an application shall be made to the water utility, in writing, giving a statement of the amount of construction work to be done or the size of the tank to be filled, etc. Payment for the water for construction may be required in advance at the scheduled rates. The service lateral must be installed into the building before water can be used. No connection with the service lateral at the curb shall be made without special permission from the water utility. In no case will any employee of the water utility turn on water for construction work unless the contractor has obtained permission from the water utility.

Customers shall not allow contractors, masons, or other persons to take unmetered water from their premises without permission from the water utility. Any customer failing to comply with this provision may have water service discontinued and will be responsible for the cost of the estimated volume of water used.

WATER UTILITY OPERATING RULES

Use of Hydrants

In cases where no other supply is available, permission may be granted by the water utility to use a hydrant. No hydrant shall be used until the proper meter, valve, and backflow preventer are installed. In no case shall any valve be installed or moved except by an employee of the water utility.

Before a valve is set, payment must be made for its setting and for the water to be used at the scheduled rates. Where applicable, see Schedule BW-1 for deposits and charges. Upon completing the use of the hydrant, the customer must notify the water utility to that effect.

Operation of Valves and Hydrants and Unauthorized Use of Water - Penalty

Any person who shall, without authority of the water utility, allow contractors, masons, or other unauthorized persons to take water from their premises, operate any valve connected with the street or supply mains, or open any fire hydrant connected with the distribution system, except for the purpose of extinguishing fire, or who shall wantonly damage or impair the same, shall be subject to a fine as provided by municipal ordinance. Utility permission for the use of hydrants applies only to such hydrants that are designated for the specific use.

Refunds of Monetary Deposits

All money deposited as security for payment of charges arising from the use of temporary water service on a metered basis, or for the return of a hydrant valve and fixtures if the water is used on an unmetered basis, will be refunded to the depositor on the termination of the use of water, the payment of all charges levied against the depositor, and the return of the water utility's equipment.

Service Laterals

No water service lateral shall be laid through any trench having cinders, rubbish, rock or gravel fill, or any other material which may cause injury to or disintegration of the service lateral, unless adequate means of protection are provided by sand filling or such other insulation as may be approved by the water utility. Service laterals passing through curb or retaining walls shall be adequately safeguarded by provision of a channel space or pipe casing not less than twice the diameter of the service connection. The space between the service lateral and the channel or pipe casing shall be filled and lightly caulked with an oakum, mastic cement, or other resilient material and made impervious to moisture.

In backfilling the pipe trench, the service lateral must be protected against injury by carefully hand tamping the ground filling around the pipe. There should be at least 6 inches of ground filling over the pipe, and it should be free from hard lumps, rocks, stones, or other injurious material.

WATER UTILITY OPERATING RULES

Service Laterals (continued)

All water service laterals shall be of undiminished size from the street main into the point of meter placement. Beyond the meter outlet valve, the piping shall be sized and proportioned to provide, on all floors, at all times, an equitable distribution of the water supply for the greatest probable number of fixtures or appliances operating simultaneously.

Replacement and Repair of Service Laterals

The service lateral from the main to and through the curb stop will be maintained and kept in repair and, when worn out, replaced at the expense of the water utility. The property owner shall maintain the service lateral from the curb stop to the point of use.

If an owner fails to repair a leaking or broken service lateral from the curb to the point of metering or use within such time as may appear reasonable to the water utility after notification has been served on the owner by the water utility, the water will be shut off and will not be turned on again until the repairs have been completed.

Abandonment of Service

If a property owner changes the use of a property currently receiving water service such that water service will no longer be needed in the future, the water utility may require the abandonment of the water service at the water main. In such case, the property owner may be responsible for all removal and/or repair costs, including the water main and the utility portion of the water service lateral.

Charges for Water Wasted Due to Leaks

See Wis. Admin. Code § PSC 185.35.

Thawing Frozen Service Laterals

See Wis. Admin. Code § PSC 185.88.

Curb Stop Boxes

The curb stop box is the property of the water utility. The water utility is responsible for its repair and maintenance. This includes maintaining, through adjustment, the curb stop box at an appropriate grade level where no direct action by the property owner or occupant has contributed to an elevation problem. The property owner is responsible for protecting the curb stop box from situations that could obstruct access to it or unduly expose it to harm. The water utility shall not be liable for failure to locate the curb stop box and shut off the water in case of a leak on the owner's premises.

WATER UTILITY OPERATING RULES

Installation of Meters

Meters will be owned, furnished, and installed by the water utility or a utility-approved contractor and are not to be disconnected or tampered with by the customer. All meters shall be so located that they shall be protected from obstructions and permit ready access for reading, inspection, and servicing, such location to be designated or approved by the water utility. All piping within the building must be supplied by the owner. Where additional meters are desired by the owner, the owner shall pay for all piping. Where applicable, see Schedule Am-1 for rates.

Repairs to Meters

Meters will be repaired by the water utility, and the cost of such repairs caused by ordinary wear and tear will be borne by the water utility.

Repair of any damage to a meter resulting from the carelessness of the owner of the premises, owner's agent, or tenant, or from the negligence of any one of them to properly secure and protect same, including any damage that may result from allowing a water meter to become frozen or to be damaged from the presence of hot water or steam in the meter, shall be paid for by the customer or the owner of the premises.

Service Piping for Meter Settings

Where the original service piping is installed for a new metered customer, where existing service piping is changed for the customer's convenience, or where a new meter is installed for an existing unmetered customer, the owner of the premises at his/her expense shall provide a suitable location and the proper connections for the meter. The meter setting and associated plumbing shall comply with the water utility's standards. The water utility should be consulted as to the type and size of the meter setting.

Turning on Water

The water may only be turned on for a customer by an authorized employee of the water utility. Plumbers may turn the water on to test their work, but upon completion must leave the water turned off.

Sprinkling Restrictions and Emergency Water Conditions

Where the municipality has a policy regarding sprinkling restrictions and/or emergency water conditions, failure to comply with such may result in disconnection of service.

See Wis. Admin. Code § PSC 185.37.

WATER UTILITY OPERATING RULES

Failure to Read Meters

Where the water utility is unable to read a meter, the fact will be plainly indicated on the bill, and either an estimated bill will be computed or the minimum charge applied. The difference shall be adjusted when the meter is again read, that is, the bill for the succeeding billing period will be computed with the gallons or cubic feet in each block of the rate schedule doubled, and credit will be given on that bill for the amount of the bill paid the preceding period. Only in unusual cases shall more than three consecutive estimated or minimum bills be rendered.

If the meter is damaged (see Surreptitious Use of Water) or fails to operate, the bill will be based on the average use during the past year, unless there is some reason why the use is not normal. If the average use cannot be properly determined, the bill will be estimated by some equitable method.

See Wis. Admin. Code § PSC 185.33.

Complaint Meter Tests

See Wis. Admin. Code § PSC 185.77.

Inspection of Premises

During reasonable hours, any officer or authorized employee of the water utility shall have the right of access to the premises supplied with service for the purpose of inspection or for the enforcement of the water utility's rules and regulations. Whenever appropriate, the water utility will make a systematic inspection of all unmetered water taps for the purpose of checking waste and unnecessary use of water.

See Wis. Stat. § 196.171.

Vacation of Premises

When premises are to be vacated, the water utility shall be notified, in writing, at once, so that it may remove the meter and shut off the water supply at the curb stop. The owner of the premises shall be liable for prosecution for any damage to the water utility's property. See "Abandonment of Service" in Schedule X-1 for further information.

Deposits for Residential Service

See Wis. Admin. Code § PSC 185.36.

WATER UTILITY OPERATING RULES

Deposits for Nonresidential Service

See Wis. Admin. Code § PSC 185.361.

Deferred Payment Agreement

See Wis. Admin. Code § PSC 185.38.

Dispute Procedures

See Wis. Admin. Code § PSC 185.39.

Disconnection and Refusal of Service

See Wis. Admin. Code § PSC 185.37.

The following is an example of a disconnection notice that the utility may use to provide the required notice to customers.

DISCONNECTION NOTICE

Dear Customer:

The bill enclosed with this notice includes your current charge for water utility service and your previous unpaid balance.

You have 10 days to pay the water utility service arrears or your service is subject to disconnection.

If you fail to pay the service arrears or fail to contact us within the 10 days allowed to make reasonable deferred payment arrangement or other suitable arrangement, we will proceed with disconnection action.

To avoid the inconvenience of service interruption and an additional charge of (amount) for reconnection, we urge you to pay the full arrears IMMEDIATELY AT ONE OF OUR OFFICES.

If you have entered into a Deferred Payment Agreement with us and have failed to make the deferred payments you agreed to, your service will be subject to disconnection unless you pay the entire amount due within 10 days.

If you have a reason for delaying the payment, call us and explain the situation.

WATER UTILITY OPERATING RULES

Disconnection and Refusal of Service (continued)

DISCONNECTION NOTICE (continued)

PLEASE CALL THIS TELEPHONE NUMBER, (telephone number), IMMEDIATELY IF:

1. You dispute the notice of delinquent account.
2. You have a question about your water utility service arrears.
3. You are unable to pay the full amount of the bill and are willing to enter into a deferred payment agreement with us.
4. There are any circumstances you think should be taken into consideration before service is discontinued.
5. Any resident is seriously ill.

Illness Provision: If there is an existing medical emergency in your home and you furnish the water utility with a statement signed by either a licensed Wisconsin physician or a public health official, we will delay disconnection of service up to 21 days. The statement must identify the medical emergency and specify the period of time during which disconnection will aggravate the existing emergency.

Deferred Payment Agreements: If you are a residential customer and, for some reason, you are unable to pay the full amount of the water utility service arrears on your bill, you may contact the water utility to discuss arrangements to pay the arrears over an extended period of time.

This time payment agreement will require:

1. Payment of a reasonable amount at the time the agreement is made.
2. Payment of the remainder of the outstanding balance in monthly installments over a reasonable length of time.
3. Payment of all future water utility service bills in full by the due date.

In any situation where you are unable to resolve billing disputes or disputes about the grounds for proposed disconnection through contacts with our water utility, you may make an appeal to the Public Service Commission of Wisconsin by calling (800) 225-7729.

(WATER UTILITY NAME)

WATER UTILITY OPERATING RULES

Collection of Overdue Bills

An amount owed by the customer may be levied as a tax as provided in Wis. Stat. § 66.0809.

Surreptitious Use of Water

When the water utility has reasonable evidence that a person is obtaining water, in whole or in part, by means of devices or methods used to stop or interfere with the proper metering of the water utility service being delivered, the water utility reserves the right to estimate and present immediately a bill for unmetered service as a result of such interference, and such bill shall be payable subject to a 24-hour disconnection of service. If the water utility disconnects the service for any such reason, the water utility will reconnect the service upon the following conditions:

A. The customer will be required to deposit with the water utility an amount sufficient to guarantee the payment of the bills for water utility service.

B. The customer will be required to pay the water utility for any and all damages to water utility equipment resulting from such interference with the metering.

C. The customer must further agree to comply with reasonable requirements to protect the water utility against further losses.

See Wis. Stat. § 943.20.

Repairs to Mains

The water utility reserves the right to shut off the water supply in the mains temporarily to make repairs, alterations, or additions to the plant or system. When the circumstances will permit, the water utility will give notification, by newspaper publication or otherwise, of the discontinuance of the water supply. No credit will be allowed to customers for such temporary suspension of the water supply.

See Wis. Admin. Code § PSC 185.87.

Duty of Water Utility with Respect to Safety of the Public

It shall be the duty of the water utility to see that all open ditches for water mains, hydrants, and service laterals are properly guarded to prevent accident to any person or vehicle, and at night there shall be displayed proper signal lighting to insure the safety of the public.

WATER UTILITY OPERATING RULES

Handling Water Mains and Service Laterals in Excavation Trenches

Contractors must call Digger's Hotline and ensure a location is done to establish the existence and location of all water mains and service laterals as provided in Wis. Stat. § 182.0175. Where water mains or service laterals have been removed, cut, or damaged during trench excavation, the contractors must, at their own expense, cause them to be replaced or repaired at once. Contractors must not shut off the water service laterals to any customer for a period exceeding 6 hours.

Protective Devices

A. Protective Devices in General: The owner or occupant of every premise receiving water supply shall apply and maintain suitable means of protection of the premise supply and all appliances against damage arising in any manner from the use of the water supply, variation of water pressure, or any interruption of water supply. Particularly, such owner or occupant must protect water-cooled compressors for refrigeration systems by means of high and/or low pressure safety cutout devices. There shall likewise be provided means for the prevention of the transmission of water ram or noise of operation of any valve or appliance through the piping of their own or adjacent premises.

B. Relief Valves: On all "closed systems" (i.e., systems having a check valve, pressure regulator, reducing valve, water filter, or softener), an effective pressure relief valve shall be installed at or near the top of the hot water tank or at the hot water distribution pipe connection to the tank. No stop valve shall be placed between the hot water tank and the relief valve or on the drain pipe. See applicable plumbing codes.

C. Air Chambers: An air chamber or approved shock absorber shall be installed at the terminus of each riser, fixture branch, or hydraulic elevator main for the prevention of undue water hammer. The air chamber shall be sized in conformance with local plumbing codes. Where possible, the air chamber should be provided at its base with a valve for water drainage and replenishment of air.

Cross-Connections

Every person owning or occupying a premise receiving municipal water supply shall maintain such municipal water supply free from any connection, either of a direct or of an indirect nature, with a water supply from a foreign source or of any manner of connection with any fixture or appliance whereby water from a foreign supply or the waste from any fixture, appliance, or waste or soil pipe may flow or be siphoned or pumped into the piping of the municipal water system.

See Wis. Admin. Code § NR 811.09.

OAK CREEK WATER AND SEWER UTILITY

Customer Water Bill Comparison at Present and Authorized Rates

			Quarterly			Quarterly Including Public Fire Protection		
Customer Type	Meter Size (Inches)	Volume (1000 Gallons)	Bills at Old Rates	Bills at New Rates	Percent Change	Bills at Old Rates	Bills at New Rates	Percent Change
Small Residential	5/8	8	$ 43.31	$ 51.52	19%	$ 60.92	$ 71.74	18%
Average Residential	5/8	15	$ 62.28	$ 73.85	19%	$ 79.89	$ 94.07	18%
Large Residential	5/8	30	$ 102.93	$ 121.70	18%	$ 120.54	$ 141.92	18%
Commercial	5/8	56	$ 173.39	$ 204.64	18%	$ 191.00	$ 224.86	18%
Commercial	3/4	75	$ 224.88	$ 265.25	18%	$ 242.49	$ 285.47	18%
Commercial	1	111	$ 334.80	$ 393.09	17%	$ 378.37	$ 443.49	17%
Commercial	1	200	$ 575.99	$ 677.00	18%	$ 619.56	$ 727.40	17%
Public Authority	1 1/2	333	$ 967.32	$ 1,139.27	18%	$ 1,054.77	$ 1,240.37	18%
Public Authority	1	400	$ 1,117.99	$ 1,315.00	18%	$ 1,161.56	$ 1,365.40	18%
Commercial	2	600	$ 1,721.79	$ 2,026.00	18%	$ 1,861.46	$ 2,187.70	18%
Public Authority	6	800	$ 2,724.20	$ 3,174.00	17%	$ 3,598.67	$ 4,184.40	16%
Public Authority	2	1,000	$ 2,805.79	$ 3,302.00	18%	$ 2,945.46	$ 3,463.70	18%
Commercial	4	1,500	$ 4,343.10	$ 5,102.00	17%	$ 4,778.79	$ 5,607.20	17%
Industrial	6	2,000	$ 5,976.20	$ 7,002.00	17%	$ 6,850.67	$ 8,012.40	17%
Commercial	2	2,500	$ 6,870.79	$ 8,087.00	18%	$ 7,010.46	$ 8,248.70	18%
Industrial	3	3,500	$ 9,654.95	$ 11,361.00	18%	$ 9,917.60	$ 11,664.00	18%
Industrial	8	4,000	$ 11,736.10	$ 13,758.00	17%	$ 13,132.78	$ 15,374.70	17%
Industrial	6	30,000	$ 61,636.20	$ 75,862.00	23%	$ 62,510.67	$ 76,872.40	23%

OAK CREEK WATER AND SEWER UTILITY

Schedule of Depreciation Rates
Effective January 1, 2012

Account Number	Class of Plant	Deprec. Rate
	SOURCE OF SUPPLY PLANT	
313	Lake, River, and Other Intakes	1.7%
314	Wells and Springs	2.9%
316	Supply Mains	1.8%
	PUMPING PLANT	
321	Structures and Improvements	3.2%
323	Other Power Production Equipment	4.4%
325	Electric Pumping Equipment	4.4%
328	Other Pumping Equipment	4.4%
	WATER TREATMENT PLANT	
331	Structures and Improvements	3.2%
332	Sand and Other Media Filtration Equipment	3.3%
334	Other Water Treatment Equipment	6.0%
	TRANSMISSION AND DISTRIBUTION PLANT	
342	Distribution Reservoirs and Standpipes	1.9%
343	Transmission and Distribution Mains	1.3%
345	Services	2.9%
346	Meters	5.5%
348	Hydrants	2.2%
	GENERAL PLANT	
390	Structures and Improvements	2.9%
391	Office Furniture and Equipment	5.8%
391.1	Computer Equipment	26.7%
392	Transportation Equipment	13.3%
393	Stores Equipment	5.8%
394	Tools, Shop and Garage Equipment	5.8%
395	Laboratory Equipment	5.8%
396	Power Operated Equipment	7.5%
397	Communication Equipment	15.0%
397.1	Communication Equipment-SCADA	9.2%
398	Miscellaneous Equipment	5.8%

Acct. 343 - TRANSMISSION & DISTRIBUTION MAINS

Calculation of Inch-Feet of Water Main as of: 12-31-2010

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
							Inch-Feet						Book Cost		
							Utility-Financed Main						Utility-Financed Main		
Size	Feet of Watermain		Total Feet	Inch-Feet of Watermain		Total Inch-Feet	% of	Cumu-lative % of	% of Main Indicated Size or	Book Cost of Watermain		Total Cost of	Total Feet	Cumu-lative % of	% of Main Indicated Size or
(inches)	Contrib.	Utility	of Main	Contrib.	Utility	of Main	Total	Total	Larger	Contrib.	Utility	Main	of Main	Total	Larger
4	1,264.20	0.00	1,264.20	5,057	0	5,057	0.0%	0.0%	100.0%	8,697.25	0.00	8,697.25	0.0%	0.0%	100.0%
6	82,769.10	0.00	82,769.10	496,615	0	496,615	0.0%	0.0%	100.0%	1,129,369.41	0.00	1,129,369.41	0.0%	0.0%	100.0%
8	414,997.64	3,532.54	418,530.18	3,319,981	28,260	3,348,241	0.7%	0.7%	100.0%	13,209,174.05	211,966.93	13,421,140.98	1.2%	1.2%	100.0%
10	4,710.01	223.89	4,933.90	47,100	2,239	49,339	0.1%	0.7%	99.3%	205,065.15	1,626.51	206,691.66	0.0%	1.2%	98.8%
12	155,225.92	74,716.70	229,942.62	1,862,711	896,600	2,759,311	21.2%	21.9%	99.3%	5,876,075.50	3,148,853.80	9,024,929.30	17.5%	18.6%	98.8%
16	49,676.11	46,798.59	96,474.70	794,818	748,777	1,543,595	17.7%	39.6%	78.1%	2,677,567.43	2,384,803.92	5,062,371.35	13.2%	31.9%	81.4%
18	92.63	115.47	208.10	1,667	2,078	3,746	0.0%	39.6%	60.4%	2,578.58	3,214.41	5,792.99	0.0%	31.9%	68.1%
20	31,735.16	47,958.76	79,693.92	634,703	959,175	1,593,878	22.6%	62.2%	60.4%	2,082,545.74	3,225,995.54	5,308,541.28	17.9%	49.8%	68.1%
24	0.64	25,117.36	25,118.00	15	602,817	602,832	14.2%	76.5%	37.8%	176.86	2,525,778.09	2,525,954.95	14.0%	63.8%	50.2%
30	895.82	18,573.88	19,469.70	26,875	557,216	584,091	13.2%	89.6%	23.5%	121,143.34	3,127,911.17	3,249,054.51	17.3%	81.1%	36.2%
36	1.68	12,216.27	12,217.95	60	439,786	439,846	10.4%	100.0%	10.4%	4,751.95	3,412,244.16	3,416,996.11	18.9%	100.0%	18.9%
48			0.00	0	0	0	0.0%	100.0%	0.0%			0.00	0.0%	100.0%	0.0%
				0	0	0	0.0%	100.0%	0.0%				0.0%	100.0%	0.0%
Total	741,368.91	229,253.46	970,622.36	7,189,602	4,236,949	11,426,552	100.0%			25,317,145.26	18,042,394.53	43,359,539.79			